UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-5721

JEFFERIES FINANCIAL GROUP INC.

(Exact name of registrant as specified in its Charter)

New York	13-2615557
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
520 Madison Avenue New York, New York	10022
(Address of principal executive offices)	(Zip Code)

(212) 460-1900

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $1 per share	JEF	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of each of the issuer's classes of common stock at March 31, 2022 was 239,505,138.

Jefferies Financial Group Inc. and Subsidiaries
Index to Quarterly Report on Form 10-Q
February 28, 2022

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES

Consolidated Statements of Financial Condition

February 28, 2022 and November 30, 2021

(Dollars in thousands, except par value)

(Unaudited)

	February 28, 2022	November 30, 2021
ASSETS		
Cash and cash equivalents	$ 8,500,782	$ 10,755,133
Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations	838,092	1,015,107
Financial instruments owned, at fair value (including securities pledged of $14,308,758 and $12,723,502)	21,632,936	19,828,670
Loans to and investments in associated companies	1,803,397	1,745,790
Securities borrowed	7,110,757	6,409,420
Securities purchased under agreements to resell	6,557,213	7,642,484
Securities received as collateral, at fair value	973	7,289
Receivables	8,275,377	7,839,240
Property, equipment and leasehold improvements, net	909,565	911,230
Intangible assets, net and goodwill	1,894,721	1,897,500
Other assets	2,512,638	2,352,247
Total assets (1)	$ 60,036,451	$ 60,404,110
LIABILITIES		
Short-term borrowings	$ 467,853	$ 221,863
Financial instruments sold, not yet purchased, at fair value	14,713,872	11,699,467
Securities loaned	1,808,896	1,525,721
Securities sold under agreements to repurchase	8,933,643	8,446,099
Other secured financings	3,553,232	4,487,224
Obligation to return securities received as collateral, at fair value	973	7,289
Lease liabilities	543,090	548,295
Payables, expense accruals and other liabilities	10,430,914	13,612,367
Long-term debt	8,896,032	9,125,745
Total liabilities (1)	49,348,505	49,674,070
Commitments and contingencies		
MEZZANINE EQUITY		
Redeemable noncontrolling interests	14,027	25,400
Mandatorily redeemable convertible preferred shares	125,000	125,000
EQUITY		
Common shares, par value $1 per share, authorized 600,000,000 shares; 240,168,818 and 243,541,431 shares issued and outstanding, after deducting 76,294,890 and 72,922,277 shares held in treasury	240,169	243,541
Additional paid-in capital	2,390,787	2,742,244
Accumulated other comprehensive income (loss)	(330,308)	(372,143)
Retained earnings	8,189,652	7,940,113
Total Jefferies Financial Group Inc. shareholders' equity	10,490,300	10,553,755
Noncontrolling interests (1)	58,619	25,885
Total equity	10,548,919	10,579,640
Total	$ 60,036,451	$ 60,404,110

(1) Total assets include assets related to variable interest entities of $1.27 billion and $1.05 billion at February 28, 2022 and November 30, 2021, respectively, Total liabilities include liabilities related to variable interest entities of $3.68 billion and $4.64 billion at February 28, 2022 and November 30, 2021, respectively, and Noncontrolling interests include noncontrolling interests related to variable interest entities of $32.5 million at February 28, 2022. See Note 7 for additional information related to variable interest entities.

See notes to interim consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Operations
For the periods ended February 28, 2022 and 2021
(In thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended February 28,	
	2022	**2021**
Revenues:		
Commissions and other fees	$ 229,316	$ 236,769
Principal transactions	249,155	919,901
Investment banking	945,048	1,003,612
Interest income	213,981	240,497
Other	305,300	302,809
Total revenues	1,942,800	2,703,588
Interest expense of Jefferies Group	210,885	216,646
Net revenues	1,731,915	2,486,942
Expenses:		
Cost of sales	95,671	95,559
Compensation and benefits	789,684	1,172,543
Non-compensation expenses:		
Floor brokerage and clearing fees	83,961	76,416
Selling, general and other expenses	285,257	271,937
Interest expense	9,088	20,367
Depreciation and amortization	45,937	38,767
Total non-compensation expenses	424,243	407,487
Total expenses	1,309,598	1,675,589
Income before income taxes and loss related to associated companies	422,317	811,353
Loss related to associated companies	(29,985)	(10,568)
Income before income taxes	392,332	800,785
Income tax provision	64,357	218,236
Net income	327,975	582,549
Net loss attributable to the noncontrolling interests	969	743
Net loss attributable to the redeemable noncontrolling interests	573	769
Preferred stock dividends	(2,070)	(1,626)
Net income attributable to Jefferies Financial Group Inc. common shareholders	$ 327,447	$ 582,435
Basic earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:		
Net income	$ 1.26	$ 2.17
Diluted earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:		
Net income	$ 1.23	$ 2.13

See notes to interim consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
For the periods ended February 28, 2022 and 2021
(In thousands)
(Unaudited)

	For the Three Months Ended February 28,	
	2022	**2021**
Net income	$ 327,975	$ 582,549
Other comprehensive income (loss):		
Net unrealized holding gains (losses) on investments arising during the period, net of income tax provision (benefit) of $(56) and $(19)	(173)	(60)
Less: reclassification adjustment for net (gains) losses included in net income, net of income tax provision (benefit) of $0 and $0	—	—
Net change in unrealized holding gains (losses) on investments, net of income tax provision (benefit) of $(56) and $(19)	(173)	(60)
Net unrealized foreign exchange gains (losses) arising during the period, net of income tax provision (benefit) of $(185) and $3,253	(16)	11,083
Less: reclassification adjustment for foreign exchange (gains) losses included in net income, net of income tax provision (benefit) of $0 and $0	—	—
Net change in unrealized foreign exchange gains (losses), net of income tax provision (benefit) of $(185) and $3,253	(16)	11,083
Net unrealized gains (losses) on instrument-specific credit risk arising during the period, net of income tax provision (benefit) of $13,226 and $(22,182)	41,412	(69,214)
Less: reclassification adjustment for instrument-specific credit risk (gains) losses included in net income, net of income tax provision (benefit) of $(7) and $71	22	(222)
Net change in unrealized instrument-specific credit risk gains (losses), net of income tax provision (benefit) of $13,233 and $(22,253)	41,434	(69,436)
Net pension gains (losses) arising during the period, net of income tax provision (benefit) of $0 and $0	—	—
Reclassification adjustment for pension (gains) losses included in net income, net of income tax provision (benefit) of $(208) and $(261)	590	786
Net change in pension liability, net of income tax provision (benefit) of $208 and $261	590	786
Other comprehensive income (loss), net of income taxes	41,835	(57,627)
Comprehensive income	369,810	524,922
Comprehensive loss attributable to the noncontrolling interests	969	743
Comprehensive loss attributable to the redeemable noncontrolling interests	573	769
Preferred stock dividends	(2,070)	(1,626)
Comprehensive income attributable to Jefferies Financial Group Inc. common shareholders	$ 369,282	$ 524,808

See notes to interim consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended February 28, 2022 and 2021
(In thousands)
(Unaudited)

	For the Three Months Ended February 28,	
	2022	**2021**
Net cash flows from operating activities:		
Net income	$ 327,975	$ 582,549
Adjustments to reconcile net income to net cash used for operations:		
Deferred income tax provision (benefit)	(67,271)	9,149
Depreciation and amortization	47,404	42,333
Share-based compensation	9,746	20,678
Provision for doubtful accounts	9,001	3,267
Income related to associated companies	(28,033)	(77,338)
Distributions from associated companies	9,496	19,345
Net change in:		
Securities deposited with clearing and depository organizations	—	(84,307)
Financial instruments owned, at fair value	(1,725,630)	(957,696)
Securities borrowed	(701,961)	(211,177)
Securities purchased under agreements to resell	1,084,266	(1,576,329)
Receivables from brokers, dealers and clearing organizations	(199,295)	(581,609)
Receivables from customers of securities operations	(280,577)	(575,823)
Other receivables	45,477	(101,570)
Other assets	(146,140)	(45,883)
Financial instruments sold, not yet purchased, at fair value	3,016,048	2,339,208
Securities loaned	283,598	704,075
Securities sold under agreements to repurchase	488,456	(1,114,857)
Payables to brokers, dealers and clearing organizations	(1,179,607)	768,358
Payables to customers of securities operations	(440,484)	(161,557)
Lease liabilities	(21,399)	(12,811)
Trade payables, expense accruals and other liabilities	(1,601,209)	(387,334)
Other	(145,189)	(96,609)
Net cash used for operating activities	(1,215,328)	(1,495,938)
Net cash flows from investing activities:		
Acquisitions of property, equipment and leasehold improvements, and other assets	(27,630)	(24,243)
Advances on notes, loans and other receivables	(134,852)	(137,527)
Collections on notes, loans and other receivables	99,306	74,573
Loans to and investments in associated companies	(301,062)	(914,484)
Capital distributions and loan repayments from associated companies	259,153	969,817
Other	7	(476)
Net cash used for investing activities	$ (105,078)	$ (32,340)

(continued)

See notes to interim consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, continued
For the three months ended February 28, 2022 and 2021
(In thousands)
(Unaudited)

	For the Three Months Ended February 28,	
	2022	**2021**
Net cash flows from financing activities:		
Issuance of debt, net of issuance costs	$ 917,921	$ 431,811
Repayment of debt	(737,645)	(396,556)
Net change in other secured financings	(933,992)	1,219,585
Net change in bank overdrafts	45,990	(4,706)
Contributions from noncontrolling interests	33,703	80
Purchase of common shares for treasury	(338,058)	(130,097)
Dividends paid	(72,331)	(49,768)
Other	1,032	(696)
Net cash provided by (used for) financing activities	(1,083,380)	1,069,653
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(467)	3,886
Net decrease in cash, cash equivalents and restricted cash	(2,404,253)	(454,739)
Cash, cash equivalents and restricted cash at beginning of period	11,828,304	9,664,972
Cash, cash equivalents and restricted cash at end of period	$ 9,424,051	$ 9,210,233

The following presents our cash, cash equivalents and restricted cash by category within the Consolidated Statements of Financial Condition to the total of the same amounts in the Consolidated Statements of Cash Flows above (in thousands):

	February 28,	
	2022	**2021**
Cash and cash equivalents	$ 8,500,782	$ 8,648,961
Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations	838,092	496,571
Other assets	85,177	64,701
Total cash, cash equivalents and restricted cash	$ 9,424,051	$ 9,210,233

See notes to interim consolidated financial statements.

JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended February 28, 2022 and 2021
(In thousands, except par value and per share amounts)
(Unaudited)

	Jefferies Financial Group Inc. Common Shareholders						
	Common Shares $1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Subtotal	Noncontrolling Interests	Total
Balance, December 1, 2021	$ 243,541	$ 2,742,244	$ (372,143)	$ 7,940,113	$ 10,553,755	$ 25,885	$ 10,579,640
Net income attributable to Jefferies Financial Group Inc. common shareholders				327,447	327,447		327,447
Net loss attributable to the noncontrolling interests					—	(969)	(969)
Other comprehensive income, net of income taxes			41,835		41,835		41,835
Contributions from noncontrolling interests					—	33,703	33,703
Share-based compensation expense		9,746			9,746		9,746
Change in fair value of redeemable noncontrolling interests		(7,991)			(7,991)		(7,991)
Purchase of common shares for treasury	(10,038)	(354,151)			(364,189)		(364,189)
Dividends ($0.30 per common share)				(77,908)	(77,908)		(77,908)
Other	6,666	939			7,605	—	7,605
Balance, February 28, 2022	$ 240,169	$ 2,390,787	$ (330,308)	$ 8,189,652	$ 10,490,300	$ 58,619	$ 10,548,919

	Jefferies Financial Group Inc. Common Shareholders						
	Common Shares $1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Subtotal	Noncontrolling Interests	Total
Balance, December 1, 2020	$ 249,751	$ 2,911,223	$ (288,917)	$ 6,531,836	$ 9,403,893	$ 34,632	$ 9,438,525
Cumulative effect of the adoption of accounting standards			—	(19,915)	(19,915)		(19,915)
Balance, December 1, 2020, as adjusted	249,751	2,911,223	(288,917)	6,511,921	9,383,978	34,632	9,418,610
Net income attributable to Jefferies Financial Group Inc. common shareholders				582,435	582,435		582,435
Net loss attributable to the noncontrolling interests					—	(743)	(743)
Other comprehensive loss, net of income taxes			(57,627)		(57,627)		(57,627)
Contributions from noncontrolling interests					—	80	80
Distributions to noncontrolling interests					—	(1,473)	(1,473)
Share-based compensation expense		20,678			20,678		20,678
Change in fair value of redeemable noncontrolling interests		(7,058)			(7,058)		(7,058)
Purchase of common shares for treasury	(5,103)	(124,994)			(130,097)		(130,097)
Dividends ($0.20 per common share)				(52,896)	(52,896)		(52,896)
Other	2,055	4,394			6,449	—	6,449
Balance, February 28, 2021	$ 246,703	$ 2,804,243	$ (346,544)	$ 7,041,460	$ 9,745,862	$ 32,496	$ 9,778,358

See notes to interim consolidated financial statements.

Jefferies Financial Group Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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JEFFERIES FINANCIAL GROUP INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1. Nature of Operations

Jefferies Financial Group Inc. ("Jefferies," "we," "our" or the "Company") is engaged in investment banking and capital markets, and asset management. Our strategy focuses on continuing to build out our investment banking effort, enhancing our capital markets businesses and further developing our Leucadia Asset Management alternative asset management platform, while returning excess capital to shareholders. Jefferies Group LLC ("Jefferies Group"), our largest subsidiary, was established in 1962 and is the largest independent U.S.-headquartered global full-service integrated investment banking and securities firm.

Jefferies Group operates in two business segments: Investment Banking and Capital Markets, and Asset Management. Investment Banking and Capital Markets includes investment banking, capital markets and other related services. Investment banking provides underwriting and financial advisory services to clients across most industry sectors in the Americas, Europe, the Middle East and Africa, and Asia Pacific. Capital markets businesses operate across the spectrum of equities and fixed income products.

Within Asset Management, we manage, invest in and provide services to a diverse group of alternative asset management platforms across a spectrum of investment strategies and asset classes. Asset Management offers institutional clients an innovative range of investment strategies through its affiliated managers.

We own a legacy portfolio of businesses and investments that we historically denominated as our "Merchant Banking" business and are reflected in our consolidated results as consolidated subsidiaries, equity investments, securities or in other ways. We are well along in the process of liquidating this portfolio, with the intention of selling to third parties, distributing to shareholders or transferring the balance of this portfolio to our Asset Management reportable segment over the next few years. Our Merchant Banking reportable segment primarily includes Linkem (fixed wireless broadband services in Italy); Vitesse Energy, LLC ("Vitesse Energy") (oil and gas production and development); real estate, primarily HomeFed LLC ("HomeFed"); Idaho Timber (manufacturing) and FXCM Group, LLC ("FXCM") (provider of online foreign exchange trading services).

On December 1, 2021, we made a $477 million contribution of net assets, including both Merchant Banking and Asset Management investments, to Jefferies Group. The transferred Merchant Banking investments are now being managed by a different management team, while the Asset Management investments continue to be managed by the co-Presidents of Asset Management who oversee all asset management activities across the Company. As a result, we transferred $194 million of net assets out of our Merchant Banking segment: $139 million of these net assets, including $48 million of net assets relating to Foursight Capital LLC ("Foursight"), were transferred into our Investment Banking and Capital Markets segment; the remaining $55 million of net assets transferred are now managed by the co-Presidents of Asset Management and are included in our Asset Management segment. Prior year amounts have been reclassified to conform to current segment reporting.

Note 2. Basis of Presentation and Significant Accounting Policies

Our unaudited interim consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and footnotes which are normally included in our Form 10-K. These financial statements reflect all adjustments (consisting of normal recurring items or items discussed herein) that management believes are necessary to fairly state results for the interim periods presented. Results of operations for interim periods are not necessarily indicative of annual results of operations. For a detailed discussion about the Company's significant accounting policies, see Note 2, Significant Accounting Policies, included in our Annual Report on Form 10-K for the year ended November 30, 2021 ("2021 10-K").

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the reported amounts in the financial statements and disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate all of these estimates and assumptions.

During the three months ended February 28, 2022, there were no significant changes made to the Company's significant accounting policies.

Receivables

At February 28, 2022 and November 30, 2021, Receivables include receivables from brokers, dealers and clearing organizations of $5.10 billion and $4.90 billion, respectively, and receivables from customers of securities operations of $1.90 billion and $1.62 billion, respectively.

Foursight, Jefferies Group's wholly-owned subsidiary, is an automobile loan originator and servicer. Foursight had automobile loan receivables, including accrued interest and related fees, of $836.1 million and $812.6 million at February 28, 2022 and November 30, 2021, respectively, which are classified as either held for investment or held for sale depending on the intent to hold the underlying collateral and which are collateralized by a security interest in the vehicles' titles. Of these amounts, $808.9 million and $682.7 million at February 28, 2022 and November 30, 2021, respectively, were in securitized vehicles. See Notes 6 and 7 for additional information on Foursight's securitization activities. Foursight's loan receivables held for investment consisted of approximately 18% and 19% with credit scores 680 and above, 49% and 51% with scores between 620 and 679 and 33% and 30% with scores below 620 at February 28, 2022 and November 30, 2021, respectively.

A rollforward of the allowance for credit losses related to receivables for the three months ended February 28, 2022 and 2021 is as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Beginning balance	$ 75,999	$ 53,926
Adjustment for change in accounting principle for current expected credit losses	—	26,519
Provision for doubtful accounts	9,001	3,267
Charge-offs, net of recoveries	(5,631)	(7,320)
Ending balance	$ 79,369	$ 76,392

Other Investments

At February 28, 2022 and November 30, 2021, the Company had other investments (classified as Other assets and Loans to and investments in associated companies) in which fair values are not readily determinable, aggregating $91.8 million and $119.4 million, respectively. There were no impairments on these investments during the three months ended February 28, 2022 and 2021.

Capitalization of Interest

We capitalize interest on qualifying HomeFed real estate assets. Capitalized interest of $3.2 million and $1.9 million during the three months ended February 28, 2022 and 2021, respectively, was allocated among all of HomeFed's projects that are currently under development.

Payables, expense accruals and other liabilities

At February 28, 2022 and November 30, 2021, Payables, expense accruals and other liabilities include payables to brokers, dealers and clearing organizations of $4.64 billion and $5.82 billion, respectively, and payables to customers of securities operations of $4.02 billion and $4.46 billion, respectively.

Supplemental Cash Flow Information

	For the Three Months Ended February 28,	
(In thousands)	**2022**	**2021**
Cash paid during the year for:		
Interest	$ 321,015	$ 242,027
Income tax payments (refunds), net	$ 16,715	$ 20,350

During the three months ended February 28, 2022, we had $26.1 million in non-cash financing activities related to purchases of common shares for treasury which settled subsequent to February 28, 2022.

Note 3. Fair Value Disclosures

The following is a summary of our financial assets and liabilities that are accounted for at fair value on a recurring basis, excluding Investments at fair value based on net asset value ("NAV") of $1.16 billion and $1.03 billion at February 28, 2022 and November 30, 2021, respectively, by level within the fair value hierarchy (in thousands):

	February 28, 2022				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting (1)	Total
Assets:					
Financial instruments owned, at fair value:					
Corporate equity securities	$ 3,304,106	$ 162,651	$ 113,922	$ —	$ 3,580,679
Corporate debt securities	—	3,625,783	42,358	—	3,668,141
Collateralized debt obligations and collateralized loan obligations	—	870,505	45,219	—	915,724
U.S. government and federal agency securities	3,767,868	50,574	—	—	3,818,442
Municipal securities	—	480,000	—	—	480,000
Sovereign obligations	1,177,045	932,076	23	—	2,109,144
Residential mortgage-backed securities	—	798,936	1,186	—	800,122
Commercial mortgage-backed securities	—	181,635	3,732	—	185,367
Other asset-backed securities	—	624,575	62,382	—	686,957
Loans and other receivables	—	3,428,850	137,942	—	3,566,792
Derivatives	4,659	3,666,288	13,144	(3,246,638)	437,453
Investments at fair value	—	4,565	169,808	—	174,373
FXCM term loan	—	—	50,335	—	50,335
Total financial instruments owned, at fair value, excluding investments at fair value based on NAV	$ 8,253,678	$ 14,826,438	$ 640,051	$ (3,246,638)	$ 20,473,529
Loans to and investments in associated companies	$ —	$ —	$ 22,480	$ —	$ 22,480
Securities received as collateral, at fair value	$ 973	$ —	$ —	$ —	$ 973
Liabilities:					
Financial instruments sold, not yet purchased, at fair value:					
Corporate equity securities	$ 2,031,781	$ 13,988	$ 5,666	$ —	$ 2,051,435
Corporate debt securities	—	2,405,463	7,308	—	2,412,771
U.S. government and federal agency securities	4,615,370	—	—	—	4,615,370
Sovereign obligations	1,302,485	888,806	1,159	—	2,192,450
Commercial mortgage-backed securities	—	—	315	—	315
Loans	—	2,486,780	11,541	—	2,498,321
Derivatives	2,825	4,365,554	60,914	(3,486,083)	943,210
Total financial instruments sold, not yet purchased, at fair value	$ 7,952,461	$ 10,160,591	$ 86,903	$ (3,486,083)	$ 14,713,872
Other secured financings	$ —	$ 125,631	$ 32,377	$ —	$ 158,008
Long-term debt	$ —	$ 967,703	$ 794,460	$ —	$ 1,762,163
Obligation to return securities received as collateral, at fair value	$ 973	$ —	$ —	$ —	$ 973

	November 30, 2021				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting (1)	Total
Assets:					
Financial instruments owned, at fair value:					
Corporate equity securities	$ 2,737,255	$ 257,318	$ 87,647	$ —	$ 3,082,220
Corporate debt securities	—	3,836,341	11,803	—	3,848,144
Collateralized debt obligations and collateralized loan obligations	—	579,518	31,946	—	611,464
U.S. government and federal agency securities	3,045,295	68,784	—	—	3,114,079
Municipal securities	—	509,559	—	—	509,559
Sovereign obligations	899,086	654,199	—	—	1,553,285
Residential mortgage-backed securities	—	1,168,246	1,477	—	1,169,723
Commercial mortgage-backed securities	—	196,419	2,333	—	198,752
Other asset-backed securities	—	337,022	93,524	—	430,546
Loans and other receivables	—	3,363,050	135,239	—	3,498,289
Derivatives	4,429	3,861,551	10,248	(3,305,756)	570,472
Investments at fair value	—	11,369	154,373	—	165,742
FXCM term loan	—	—	50,455	—	50,455
Total financial instruments owned, at fair value, excluding investments at fair value based on NAV	$ 6,686,065	$ 14,843,376	$ 579,045	$ (3,305,756)	$ 18,802,730
Loans to and investments in associated companies	$ —	$ —	$ 30,842	$ —	$ 30,842
Securities received as collateral, at fair value	$ 7,289	$ —	$ —	$ —	$ 7,289
Liabilities:					
Financial instruments sold, not yet purchased, at fair value:					
Corporate equity securities	$ 1,671,696	$ 19,654	$ 4,635	$ —	$ 1,695,985
Corporate debt securities	—	2,111,777	482	—	2,112,259
U.S. government and federal agency securities	2,457,420	—	—	—	2,457,420
Sovereign obligations	935,801	593,040	—	—	1,528,841
Residential mortgage-backed securities	—	719	—	—	719
Commercial mortgage-backed securities	—	—	210	—	210
Loans	—	2,476,087	15,770	—	2,491,857
Derivatives	1,815	5,034,544	78,017	(3,702,200)	1,412,176
Total financial instruments sold, not yet purchased, at fair value	$ 5,066,732	$ 10,235,821	$ 99,114	$ (3,702,200)	$ 11,699,467
Other secured financings	$ —	$ 76,883	$ 25,905	$ —	$ 102,788
Long-term debt	$ —	$ 961,866	$ 881,732	$ —	$ 1,843,598
Obligation to return securities received as collateral, at fair value	$ 7,289	$ —	$ —	$ —	$ 7,289

(1) Represents counterparty and cash collateral netting across the levels of the fair value hierarchy for positions with the same counterparty.

The following is a description of the valuation basis, including valuation techniques and inputs, used in measuring our financial assets and liabilities that are accounted for at fair value on a recurring basis:

Corporate Equity Securities

- Exchange-Traded Equity Securities: Exchange-traded equity securities are measured based on quoted closing exchange prices, which are generally obtained from external pricing services, and are categorized within Level 1 of the fair value hierarchy, otherwise they are categorized within Level 2 of the fair value hierarchy. To the extent these securities are

actively traded, valuation adjustments are not applied.

- Non-Exchange-Traded Equity Securities: Non-exchange-traded equity securities are measured primarily using broker quotations, pricing data from external pricing services and prices observed from recently executed market transactions and are categorized within Level 2 of the fair value hierarchy. Where such information is not available, non-exchange-traded equity securities are categorized within Level 3 of the fair value hierarchy and measured using valuation techniques involving quoted prices of or market data for comparable companies, similar company ratios and multiples (e.g., price/Earnings before interest, taxes, depreciation and amortization ("EBITDA"), price/book value), discounted cash flow analyses and transaction prices observed from subsequent financing or capital issuance by Jefferies Group. When using pricing data of comparable companies, judgment must be applied to adjust the pricing data to account for differences between the measured security and the comparable security (e.g., issuer market capitalization, yield, dividend rate, geographical concentration).
- Equity Warrants: Non-exchange-traded equity warrants are measured primarily from observed prices on recently executed market transactions and broker quotations and are categorized within Level 2 of the fair value hierarchy. Where such information is not available, non-exchange-traded equity warrants are generally categorized within Level 3 of the fair value hierarchy and can be measured using third-party valuation services or the Black-Scholes model with key inputs impacting the valuation including the underlying security price, implied volatility, dividend yield, interest rate curve, strike price and maturity date.

Corporate Debt Securities

- Investment Grade Corporate Bonds: Investment grade corporate bonds are measured primarily using pricing data from external pricing services and broker quotations, where available, prices observed from recently executed market transactions and bond spreads or credit default swap spreads of the issuer adjusted for basis differences between the swap curve and the bond curve. Investment grade corporate bonds measured using these valuation methods are categorized within Level 2 of the fair value hierarchy. If broker quotes, pricing data or spread data is not available, alternative valuation techniques are used including cash flow models incorporating interest rate curves, single name or index credit default swap curves for comparable issuers and recovery rate assumptions. Investment grade corporate bonds measured using alternative valuation techniques are categorized within Level 2 or Level 3 of the fair value hierarchy and are a limited portion of our investment grade corporate bonds.
- High Yield Corporate and Convertible Bonds: A significant portion of our high yield corporate and convertible bonds are categorized within Level 2 of the fair value hierarchy and are measured primarily using broker quotations and pricing data from external pricing services, where available, and prices observed from recently executed market transactions of institutional size. Where pricing data is less observable, valuations are categorized within Level 3 of the fair value hierarchy and are based on pending transactions involving the issuer or comparable issuers, prices implied from an issuer's subsequent financing or recapitalization, models incorporating financial ratios and projected cash flows of the issuer and market prices for comparable issuers.

Collateralized Debt Obligations and Collateralized Loan Obligations

Collateralized debt obligations ("CDOs") and collateralized loan obligations ("CLOs") are measured based on prices observed from recently executed market transactions of the same or similar security or based on valuations received from third-party brokers or data providers and are categorized within Level 2 or Level 3 of the fair value hierarchy depending on the observability and significance of the pricing inputs. Valuation that is based on recently executed market transactions of similar securities incorporates additional review and analysis of pricing inputs and comparability criteria, including, but not limited to, collateral type, tranche type, rating, origination year, prepayment rates, default rates and loss severity.

U.S. Government and Federal Agency Securities

- U.S. Treasury Securities: U.S. Treasury securities are measured based on quoted market prices obtained from external pricing services and categorized within Level 1 of the fair value hierarchy.
- U.S. Agency Debt Securities: Callable and non-callable U.S. agency debt securities are measured primarily based on quoted market prices obtained from external pricing services and are generally categorized within Level 1 or Level 2 of the fair value hierarchy.

Municipal Securities

Municipal securities are measured based on quoted prices obtained from external pricing services, where available, or recently executed independent transactions of comparable size and are generally categorized within Level 2 of the fair value hierarchy.

Sovereign Obligations

Sovereign government obligations are measured based on quoted market prices obtained from external pricing services, where available, or recently executed independent transactions of comparable size. Sovereign government obligations, with consideration given to the country of issuance, are generally categorized within Level 1 or Level 2 of the fair value hierarchy. High price volatility was observed for certain sovereign bonds given the recent geopolitical tensions in Eastern Europe, which resulted in Level 3 classification for certain obligations given the wide price dispersion in available external pricing data.

Residential Mortgage-Backed Securities

- Agency Residential Mortgage-Backed Securities: Agency residential mortgage-backed securities include mortgage pass-through securities (fixed and adjustable rate), collateralized mortgage obligations and principal-only and interest-only (including inverse interest-only) securities. Agency residential mortgage-backed securities are generally measured using recent transactions, pricing data from external pricing services or expected future cash flow techniques that incorporate prepayment models and other prepayment assumptions to amortize the underlying mortgage loan collateral and are categorized within Level 2 or Level 3 of the fair value hierarchy. We use prices observed from recently executed transactions to develop market-clearing spread and yield assumptions. Valuation inputs with regard to the underlying collateral incorporate factors such as weighted average coupon, loan-to-value, credit scores, geographic location, maximum and average loan size, originator, servicer and weighted average loan age.
- Non-Agency Residential Mortgage-Backed Securities: The fair value of non-agency residential mortgage-backed securities is determined primarily using pricing data from external pricing services, where available, and discounted cash flow methodologies and securities are categorized within Level 2 or Level 3 of the fair value hierarchy based on the observability and significance of the pricing inputs used. Performance attributes of the underlying mortgage loans are evaluated to estimate pricing inputs, such as prepayment rates, default rates and the severity of credit losses. Attributes of the underlying mortgage loans that affect the pricing inputs include, but are not limited to, weighted average coupon; average and maximum loan size; loan-to-value; credit scores; documentation type; geographic location; weighted average loan age; originator; servicer; historical prepayment, default and loss severity experience of the mortgage loan pool; and delinquency rate. Yield curves used in the discounted cash flow models are based on observed market prices for comparable securities and published interest rate data to estimate market yields. In addition, broker quotes, where available, are also referenced to compare prices primarily on interest-only securities.

Commercial Mortgage-Backed Securities

- Agency Commercial Mortgage-Backed Securities: Government National Mortgage Association ("Ginnie Mae") project loan bonds are measured based on inputs corroborated from and benchmarked to observed prices of recent securitization transactions of similar securities with adjustments incorporating an evaluation of various factors, including prepayment speeds, default rates and cash flow structures. Federal National Mortgage Association ("Fannie Mae") Delegated Underwriting and Servicing ("DUS") mortgage-backed securities are generally measured by using prices observed from recently executed market transactions to estimate market-clearing spread levels for purposes of estimating fair value. Ginnie Mae project loan bonds and Fannie Mae DUS mortgage-backed securities are categorized within Level 2 of the fair value hierarchy.
- Non-Agency Commercial Mortgage-Backed Securities: Non-agency commercial mortgage-backed securities are measured using pricing data obtained from external pricing services, prices observed from recently executed market transactions or based on expected cash flow models that incorporate underlying loan collateral characteristics and performance. Non-agency commercial mortgage-backed securities are categorized within Level 2 or Level 3 of the fair value hierarchy depending on the observability of the underlying inputs.

Other Asset-Backed Securities

Other asset-backed securities include, but are not limited to, securities backed by automobile loans, credit card receivables, student loans and other consumer loans and are categorized within Level 2 or Level 3 of the fair value hierarchy. Valuations are primarily determined using pricing data obtained from external pricing services, broker quotes and prices observed from recently executed market transactions. In addition, recent transaction data from comparable deals is deployed to develop market clearing yields and cumulative loss assumptions. The cumulative loss assumptions are based on the analysis of the underlying collateral and comparisons to earlier deals from the same issuer to gauge the relative performance of the deal.

Loans and Other Receivables

- Corporate Loans: Corporate loans categorized within Level 2 of the fair value hierarchy are measured based on market consensus pricing service quotations. Where available, market price quotations from external pricing services are reviewed to ensure they are supported by transaction data. Corporate loans categorized within Level 3 of the fair value hierarchy are measured based on price quotations that are considered to be less transparent, for example, derived using market prices for debt securities of the same creditor and estimates of future cash flows incorporating assumptions regarding creditor default and recovery rates and consideration of the issuer's capital structure.
- Participation Certificates in Agency Residential Loans: Valuations of participation certificates in agency residential loans are based on observed market prices of recently executed purchases and sales of similar loans and data provider pricing. The loan participation certificates are categorized within Level 2 of the fair value hierarchy given the observability and volume of recently executed transactions and availability of data provider pricing.
- Project Loans and Participation Certificates in Ginnie Mae Project and Construction Loans: Valuations of participation certificates in Ginnie Mae project and construction loans are based on inputs corroborated from and benchmarked to observed prices of recent securitizations with similar underlying loan collateral to derive an implied spread. Securitization prices are adjusted to estimate the fair value of the loans to account for the arbitrage that is realized at the time of securitization. The measurements are categorized within Level 2 of the fair value hierarchy given the observability and volume of recently executed transactions.
- Consumer Loans and Funding Facilities: Consumer and small business whole loans and related funding facilities are valued based on observed market transactions and incorporating valuation inputs including, but not limited to, delinquency and default rates, prepayment rates, borrower characteristics, loan risk grades and loan age. These assets are categorized within Level 2 or Level 3 of the fair value hierarchy.
- Escrow and Claim Receivables: Escrow and claim receivables are categorized within Level 2 of the fair value hierarchy where fair value is based on recent observations in the same receivable. Escrow and claim receivables are categorized within Level 3 of the fair value hierarchy where fair value is estimated based on reference to market prices and implied yields of debt securities of the same or similar issuers.

Derivatives

- Listed Derivative Contracts: Listed derivative contracts that are actively traded are measured based on quoted exchange prices, broker quotes or vanilla option valuation models, such as Black-Scholes, using observable valuation inputs from the principal market or consensus pricing services. Exchange quotes and/or valuation inputs are generally obtained from external vendors and pricing services. Broker quotes are validated directly through observable and tradeable quotes. Listed derivative contracts that use exchange close prices are generally categorized within Level 1 of the fair value hierarchy. All other listed derivative contracts are generally categorized within Level 2 of the fair value hierarchy.
- Over-the-Counter ("OTC") Derivative Contracts: OTC derivative contracts are generally valued using models, whose inputs reflect assumptions that we believe market participants would use in valuing the derivative in a current transaction. Where available, valuation inputs are calibrated from observable market data. For many OTC derivative contracts, the valuation models do not involve material subjectivity as the methodologies do not entail significant judgment and the inputs to valuation models do not involve a high degree of subjectivity as the valuation model inputs are readily observable or can be derived from actively quoted markets. OTC derivative contracts are primarily categorized within Level 2 of the fair value hierarchy given the observability and significance of the inputs to the valuation models. Where significant inputs to the valuation are unobservable, derivative instruments are categorized within Level 3 of the fair value hierarchy.

  OTC options include OTC equity, foreign exchange, interest rate and commodity options measured using various valuation models, such as Black-Scholes, with key inputs including the underlying security price, foreign exchange spot rate, commodity price, implied volatility, dividend yield, interest rate curve, strike price and maturity date. Discounted cash flow models are utilized to measure certain OTC derivative contracts including the valuations of our interest rate swaps, which incorporate observable inputs related to interest rate curves, valuations of our foreign exchange forwards and swaps, which incorporate observable inputs related to foreign currency spot rates and forward curves and valuations of our commodity swaps and forwards, which incorporate observable inputs related to commodity spot prices and forward curves. Credit default swaps include both index and single-name credit default swaps. Where available, external data is used in measuring index credit default swaps and single-name credit default swaps. For commodity and equity total return swaps, market prices are generally observable for the underlying asset and used as the basis for measuring the fair value of the derivative contracts. Total return swaps executed on other underlyings are measured based on valuations received from external pricing services.

- Oil Futures Derivatives: Vitesse Energy uses swaps and put options in order to reduce exposure to future oil price fluctuations. Vitesse Energy accounts for the derivative instruments at fair value, which are classified as either Level 1 or Level 2 within the fair value hierarchy. Fair values classified as Level 1 are measured based on quoted closing exchange prices obtained from external pricing services and Level 2 are determined under the income valuation technique using an option-pricing model that is based on directly or indirectly observable inputs.

Investments at Fair Value

Investments at fair value include investments in hedge funds and private equity funds, which are measured at the NAV of the funds, provided by the fund managers and are excluded from the fair value hierarchy. Investments at fair value also include direct equity investments in private companies, which are measured at fair value using valuation techniques internally or by third-party valuation services involving performance data, company ratios and multiples (e.g., price/EBITDA, price/book value) for comparable companies, discounted cash flow analyses and transaction prices observed for subsequent financing or capital issuance by the company. Direct equity investments in private companies are categorized within Level 2 or Level 3 of the fair value hierarchy.

The following tables present information about our investments in entities that have the characteristics of an investment company (in thousands):

	Fair Value (1)	Unfunded Commitments
February 28, 2022		
Equity Long/Short Hedge Funds (2)	$ 413,151	$ —
Equity Funds (3)	51,341	41,532
Commodity Fund (4)	23,636	—
Multi-asset Funds (5)	366,855	—
Other Funds (6)	304,424	25,335
Total	$ 1,159,407	$ 66,867
November 30, 2021		
Equity Long/Short Hedge Funds (2)	$ 466,231	$ —
Equity Funds (3)	46,030	17,815
Commodity Fund (4)	24,401	—
Multi-asset Funds (5)	390,224	—
Other Funds (6)	99,054	36,090
Total	$ 1,025,940	$ 53,905

(1) Where fair value is calculated based on NAV, fair value has been derived from each of the funds' capital statements.
(2) This category includes investments in hedge funds that invest, long and short, primarily in both public and private equity securities in domestic and international markets. At February 28, 2022 and November 30, 2021, approximately 73% and 74%, respectively, of the fair value of investments are redeemable quarterly with 90 days prior written notice on December 31, 2021. At both February 28, 2022 and November 30, 2021, approximately 21% of the fair value of investments in this category cannot be redeemed because these investments include restrictions that do not allow for redemption before November 30, 2023. The remaining investments are redeemable quarterly with 60 days prior written notice.
(3) The investments in this category include investments in equity funds that invest in the equity of various U.S. and foreign private companies in a broad range of industries. These investments cannot be redeemed; instead distributions are received through the liquidation of the underlying assets of the funds, which are primarily expected to be liquidated in approximately one to thirteen years.
(4) This category includes investments in a hedge fund that invests, long and short, primarily in commodities. Investments in this category are redeemable quarterly with 60 days prior written notice.
(5) This category includes investments in hedge funds that invest, long and short, primarily in multi-asset securities in domestic and international markets in both the public and private sectors. At February 28, 2022 and November 30, 2021, investments representing approximately 82% and 78%, respectively, of the fair value of investments in this category are redeemable monthly with 60 days prior written notice. At February 28, 2022 and November 30, 2021, approximately 18% and 22%, respectively, of the fair value of investments in this category are redeemable quarterly with 90 days prior written notice.
(6) This category includes investments in a fund that invests in short-term trade receivables and payables that are expected to generally be outstanding between 90 to 120 days and short-term credit instruments. This category also includes investments

in a fund that invests in distressed and special situations long and short credit strategies across sectors and asset types. Investments in this category are redeemable quarterly with 90 days prior written notice.

Investment in FXCM

Our investment in FXCM and associated companies consists of a senior secured term loan due February 8, 2023 ($71.6 million principal outstanding at February 28, 2022), a 50% voting interest in FXCM and rights to a majority of all distributions in respect of the equity of FXCM. Our investment in the FXCM term loan is reported within Financial instruments owned, at fair value in the Consolidated Statements of Financial Condition. We classify our equity investment in FXCM in the Consolidated Statements of Financial Condition as Loans to and investments in associated companies, as we have the ability to significantly influence FXCM through our seats on the board of directors.

We estimate the fair value of our term loan by using a valuation model with inputs including management's assumptions concerning the amount and timing of expected cash flows, the loan's implied credit rating and effective yield. Because of these inputs and the degree of judgment involved, we have categorized our term loan within Level 3 of the fair value hierarchy.

Loans to and Investments in Associated Companies

Non-exchange-traded equity warrants with no pricing from external pricing services are generally categorized within Level 3 of the fair value hierarchy. The warrants are measured using the Black-Scholes model with key inputs impacting the valuation including the underlying security price, implied volatility, interest rate curve, strike price and maturity date.

Other Secured Financings

Other secured financings that are accounted for at fair value are classified within Level 2 or Level 3 of the fair value hierarchy. Fair value is based on estimates of future cash flows incorporating assumptions regarding recovery rates.

Securities Received as Collateral and Obligations to Return Securities Received as Collateral

In connection with securities-for-securities transactions in which we are the lender of securities and are permitted to sell or repledge the securities received as collateral, we report the fair value of the collateral received and the related obligation to return the collateral. Valuation is based on the price of the underlying security and is categorized within the corresponding leveling guidance above. These financial instruments are typically categorized within Level 1 of the fair value hierarchy.

Long-term Debt

Long-term debt includes variable rate, fixed-to-floating rate, equity-linked notes, constant maturity swap, digital and Bermudan structured notes. These are valued using various valuation models that incorporate Jefferies Group's own credit spread, market price quotations from external pricing sources referencing the appropriate interest rate curves, volatilities and other inputs as well as prices for transactions in a given note during the period. Long-term debt notes are generally categorized within Level 2 of the fair value hierarchy, where market trades have been observed during the period or model pricing is available, otherwise the notes are categorized within Level 3.

Level 3 Rollforwards

The following is a summary of changes in fair value of our financial assets and liabilities that have been categorized within Level 3 of the fair value hierarchy for the three months ended February 28, 2022 (in thousands):

	Balance, November 30, 2021	Total gains/ losses (realized and unrealized) (1)	Purchases	Sales	Settlements	Issuances	Net transfers into (out of) Level 3	Balance, February 28, 2022	Changes in unrealized gains/losses included in earnings relating to instruments still held at February 28, 2022 (1)
Assets:									
Financial instruments owned, at fair value:									
Corporate equity securities	$ 87,647	$ 1,824	$ 2,079	$ (706)	$ (651)	$ —	$ 23,729	$ 113,922	$ 1,065
Corporate debt securities	11,803	(1,176)	118,970	(103,602)	(9)	—	16,372	42,358	(1,929)
CDOs and CLOs	31,946	(671)	13,523	(7,740)	(1,643)	—	9,804	45,219	(906)
Sovereign obligations	—	(306)	3,780	(3,451)	—	—	—	23	(60)
Residential mortgage-backed securities	1,477	(69)	—	(187)	(35)	—	—	1,186	(44)
Commercial mortgage-backed securities	2,333	1,177	—	—	—	—	222	3,732	1,655
Other asset-backed securities	93,524	2,033	11,588	(14,485)	(14,269)	—	(16,009)	62,382	(3,661)
Loans and other receivables	135,239	(4,737)	11,549	(17,710)	—	—	13,601	137,942	(4,585)
Investments at fair value	154,373	32,034	14,249	(6,826)	(615)	—	(23,407)	169,808	28,557
FXCM term loan	50,455	(120)	—	—	—	—	—	50,335	(120)
Loans to and investments in associated companies	30,842	(8,362)	—	—	—	—	—	22,480	(8,362)
Liabilities:									
Financial instruments sold, not yet purchased, at fair value:									
Corporate equity securities	$ 4,635	$ (3,447)	$ (812)	$ 5,050	$ —	$ —	$ 240	$ 5,666	$ 3,447
Corporate debt securities	482	(8,866)	(63,714)	66,976	—	—	12,430	7,308	5,210
Sovereign obligations	—	(1,362)	(99,374)	101,911	—	—	(16)	1,159	54
Commercial mortgage-backed securities	210	—	—	105	—	—	—	315	—
Loans	15,770	(46)	(13,125)	2,695	—	—	6,247	11,541	(135)
Net derivatives (2)	67,769	(54,836)	—	—	—	35,069	(232)	47,770	53,352
Other secured financings	25,905	—	—	—	—	6,472	—	32,377	—
Long-term debt (1)	881,732	(92,871)	—	—	—	23,753	(18,154)	794,460	60,739

(1) Realized and unrealized gains/losses are primarily reported in Principal transactions revenues in the Consolidated Statements of Operations. Changes in instrument-specific credit risk related to structured notes within Long-term debt are included in the Consolidated Statements of Comprehensive Income (Loss), net of tax. Changes in unrealized gains/losses included in other comprehensive income (loss) for instruments still held at February 28, 2022 were gains of $32.1 million during the three months ended February 28, 2022.

(2) Net derivatives represent Financial instruments owned, at fair value - Derivatives and Financial instruments sold, not yet purchased, at fair value - Derivatives.

Analysis of Level 3 Assets and Liabilities for the three months ended February 28, 2022

During the three months ended February 28, 2022, transfers of assets of $64.8 million from Level 2 to Level 3 of the fair value hierarchy are primarily attributed to:

- CDOs and CLOs of $18.8 million, loans and other receivables of $16.1 million, other asset-backed securities of $12.9 million, corporate debt securities of $9.4 million and corporate equity securities of $7.4 million due to reduced pricing transparency.

During the three months ended February 28, 2022, transfers of assets of $40.5 million from Level 3 to Level 2 are primarily attributed to:

- Other asset-backed securities of $28.9 million, CDOs and CLOs of $9.0 million and loans and other receivables of $2.4 million due to greater pricing transparency supporting classification into Level 2.

During the three months ended February 28, 2022, transfers of liabilities of $72.6 million from Level 2 to Level 3 of the fair value hierarchy are primarily attributed to:

- Net derivatives of $27.9 million, structured notes within long-term debt of $25.8 million, corporate debt securities of $12.4 million and loans of $6.2 million due to reduced pricing and market transparency.

During the three months ended February 28, 2022, transfers of liabilities of $72.1 million from Level 3 to Level 2 of the fair value hierarchy are primarily attributed to:

- Structured notes within long-term debt of $44.0 million and net derivatives of $28.1 million due to greater market and pricing transparency.

Net gains on Level 3 assets were $21.6 million and net gains on Level 3 liabilities were $161.4 million for the three months ended February 28, 2022. Net gains on Level 3 assets were primarily due to increased market values across investments at fair value, partially offset by decreases in loans to and investments in associated companies and loans and other receivables. Net gains on Level 3 liabilities were primarily due to decreased valuations of structured notes within long-term debt, certain derivatives and corporate debt securities.

The following is a summary of changes in fair value of our financial assets and liabilities that have been categorized within Level 3 of the fair value hierarchy for the three months ended February 28, 2021 (in thousands):

	Balance, November 30, 2020	Total gains/ losses (realized and unrealized) (1)	Purchases	Sales	Settlements	Issuances	Net transfers into (out of) Level 3	Balance, February 28, 2021	Changes in unrealized gains/ losses included in earnings relating to instruments still held at February 28, 2021 (1)
Assets:									
Financial instruments owned, at fair value:									
Corporate equity securities	$ 75,904	$ 2,339	$ 4,805	$ (4,647)	$ —	$ —	$ 23,664	$ 102,065	$ 1,165
Corporate debt securities	23,146	266	130	(6)	—	—	(16,725)	6,811	297
CDOs and CLOs	17,972	3,840	11,427	(8,007)	(5,806)	—	13,773	33,199	3,214
Residential mortgage-backed securities	21,826	1,327	791	(627)	(514)	—	(1,111)	21,692	1,347
Commercial mortgage-backed securities	2,003	(29)	1,105	(393)	—	—	(15)	2,671	97
Other asset-backed securities	79,995	2,361	14,604	(20,909)	(8,449)	—	(7,008)	60,594	1,721
Loans and other receivables	134,636	14,077	8,758	(44,427)	(66)	—	36,106	149,084	14,091
Investments at fair value	213,946	76,257	4,855	(30,159)	(3,542)	—	(41,816)	219,541	72,173
FXCM term loan	59,455	2,677	—	—	—	—	—	62,132	2,677
Loans to and investments in associated companies	40,185	(788)	—	—	—	—	—	39,397	(788)
Liabilities:									
Financial instruments sold, not yet purchased, at fair value:									
Corporate equity securities	$ 4,434	$ 9	$ —	$ —	$ —	$ —	$ —	$ 4,443	$ (22)
Corporate debt securities	141	1,430	—	—	—	—	—	1,571	(1,430)
Commercial mortgage-backed securities	35	—	(35)	35	—	—	—	35	—
Loans	16,635	1,559	(6,821)	3,358	—	—	185	14,916	(1,559)
Net derivatives (2)	26,017	43,727	—	12,670	(92)	—	223,184	305,506	(43,727)
Other secured financings	1,543	—	—	—	—	625	—	2,168	—
Long-term debt (1)	676,028	25,357	—	—	—	21,730	—	723,115	15,501

(1) Realized and unrealized gains/losses are primarily reported in Principal transactions revenues in the Consolidated Statements of Operations. Changes in instrument-specific credit risk related to structured notes within long-term debt are included in the Consolidated Statements of Comprehensive Income (Loss), net of tax. Changes in unrealized gains (losses) included in other comprehensive income (loss) for instruments still held at February 28, 2021 were losses of $40.9 million during the three months ended February 28, 2021.

(2) Net derivatives represent Financial instruments owned, at fair value - Derivatives and Financial instruments sold, not yet purchased, at fair value - Derivatives.

Analysis of Level 3 Assets and Liabilities for the three months ended February 28, 2021

During the three months ended February 28, 2021, transfers of assets of $75.8 million from Level 2 to Level 3 of the fair value hierarchy are primarily attributed to:

- Loans and other receivables of $42.9 million, CDOs and CLOs of $14.6 million, corporate equity securities of $9.9 million and other asset-backed securities of $7.5 million due to reduced pricing transparency.

During the three months ended February 28, 2021, transfers of assets of $68.9 million from Level 3 to Level 2 or Level 1 are primarily attributed to:

- Investments at fair value of $24.2 million, corporate debt securities of $17.5 million, other asset-backed securities of $14.5 million and loans and other receivables of $6.8 million due to greater pricing transparency supporting classification into Level 2 or Level 1.

During the three months ended February 28, 2021, transfers of liabilities of $236.7 million from Level 2 to Level 3 of the fair value hierarchy are primarily attributed to:

- Net derivatives of $236.5 million due to reduced pricing transparency.

During the three months ended February 28, 2021, transfers of liabilities of $13.3 million from Level 3 to Level 2 of the fair value hierarchy are primarily attributed to:

- Net derivatives of $13.3 million due to greater market and pricing transparency.

Net gains on Level 3 assets were $102.2 million and net losses on Level 3 liabilities were $72.1 million for the three months ended February 28, 2021. Net gains on Level 3 assets were primarily due to increased market values across investments at fair value, CDOs and CLOs, other asset-backed securities, loans and other receivables, residential mortgage-backed securities, corporate equity securities and the FXCM term loan. Net losses on Level 3 liabilities were primarily due to increased valuations of certain derivatives and structured note within long-term debt.

Quantitative Information about Significant Unobservable Inputs used in Level 3 Fair Value Measurements

The tables below present information on the valuation techniques, significant unobservable inputs and their ranges for our financial assets and liabilities, subject to threshold levels related to the market value of the positions held, measured at fair value on a recurring basis with a significant Level 3 balance. The range of unobservable inputs could differ significantly across different firms given the range of products across different firms in the financial services sector. The inputs are not representative of the inputs that could have been used in the valuation of any one financial instrument (i.e., the input used for valuing one financial instrument within a particular class of financial instruments may not be appropriate for valuing other financial instruments within that given class). Additionally, the ranges of inputs presented below should not be construed to represent uncertainty regarding the fair values of our financial instruments; rather, the range of inputs is reflective of the differences in the underlying characteristics of the financial instruments in each category.

For certain categories, we have provided a weighted average of the inputs allocated based on the fair values of the financial instruments comprising the category. We do not believe that the range or weighted average of the inputs is indicative of the reasonableness of uncertainty of our Level 3 fair values. The range and weighted average are driven by the individual financial instruments within each category and their relative distribution in the population. The disclosed inputs when compared with the inputs as disclosed in other periods should not be expected to necessarily be indicative of changes in our estimates of unobservable inputs for a particular financial instrument as the population of financial instruments comprising the category will vary from period to period based on purchases and sales of financial instruments during the period as well as transfers into and out of Level 3 each period.

	February 28, 2022				
	Fair Value (in thousands)	Valuation Technique	Significant Unobservable Input(s)	Input/Range	Weighted Average
Financial instruments owned, at fair value					
Corporate equity securities	$ 113,535				
Non-exchange-traded securities		Market approach	Price	$0 to $344	$134
		Volatility benchmarking	Volatility	40 % to 56%	55 %
Corporate debt securities	$ 42,358	Market approach	Price	$13 to $100	$91
			EBITDA multiple	3.4	—
CDOs and CLOs	$ 45,219	Discounted cash flows	Constant prepayment rate	20%	—
			Constant default rate	2%	—
			Loss severity	25 % to 70%	38 %
			Discount rate/yield	4 % to 18%	13 %
		Market approach	Price	$73 to $102	$93
Commercial mortgage-backed securities	$ 3,732	Market approach	Price	$600	—
		Scenario analysis	Estimated recovery percentage	81%	—
Other asset-backed securities	$ 46,733	Discounted cash flows	Constant prepayment rate	0 % to 9%	4 %
			Constant default rate	2%	—
			Loss severity	50 % to 88%	72 %
			Discount rate/yield	1 % to 23%	15 %
			Cumulative loss rate	8 % to 18%	14 %
			Duration (years)	1.2 years to 7.0 years	5.0 years
		Market approach	Price	$37	—
Loans and other receivables	$ 136,716	Market approach	Price	$29 to $102	$89
		Scenario analysis	Estimated recovery percentage	5 % to 94%	33 %
Derivatives	$ 4,762				
Equity Options		Volatility benchmarking	Volatility	41%	—
Interest rate swaps		Market approach	Basis points upfront	0.0 to 8.7	4.4
Total return swaps			Price	$101	—
Investments at fair value	$ 151,693				
Private equity securities		Market approach	Price	$1 to $15,852	$549
		Discounted cash flows	Discount rate/yield	10 % to 14%	12 %
		Scenario analysis	Discount rate/yield	13%	—
Investment in FXCM	$ 50,335				
Term loan		Discounted cash flows	Term based on the pay off (years)	0 months to 1.9 years	1.9 years
Loans to and investments in associated companies					
Non-exchange-traded warrants	$ 22,480	Market approach	Underlying stock price	$671	—
			Underlying stock price	€13 to €16	€15
			Volatility	25 % to 59%	30 %
Financial instruments sold, not yet purchased, at fair value					
Corporate equity securities	$ 5,666				
Non-exchange-traded securities		Market approach	Price	$1	—
Loans	$ 11,541	Market approach	Price	$98	—
		Scenario analysis	Estimated recovery percentage	5%	—
Derivatives	$ 56,329				
Equity options		Volatility benchmarking	Volatility	30 % to 57%	45 %
Interest rate swaps		Market approach	Basis points upfront	0.7 to 17.5	8.8
Total return swaps			Price	$101	—
Other secured financings	$ 32,377	Scenario analysis	Estimated recovery percentage	13 % to 36%	29 %
		Market approach	Price	$87	—
Long-term debt					
Structured notes	$ 794,460	Market approach	Price	$66 to $106	$83
			Price	€73 to €106	€93

November 30, 2021						
	Fair Value (in thousands)	Valuation Technique	Significant Unobservable Input(s)	Input/Range		Weighted Average
Financial instruments owned, at fair value						
Corporate equity securities	$ 86,961					
Non-exchange-traded securities		Market approach	Price	$1	to $366	$183
		Volatility benchmarking	Volatility	40 %	to 53%	45 %
Corporate debt securities	$ 11,803	Market approach	Price	$13	to $100	$86
CDOs and CLOs	$ 31,944	Discounted cash flows	Constant prepayment rate	20%		—
			Constant default rate	2%		—
			Loss severity	25 %	to 30%	26 %
			Discount rate/yield	8 %	to 19%	16 %
		Market approach	Price	$86	to $103	$93
Commercial mortgage-backed securities	$ 2,333	Scenario analysis	Estimated recovery percentage	81%		—
Other asset-backed securities	$ 86,099	Discounted cash flows	Constant prepayment rate	0 %	to 35%	31 %
			Constant default rate	2 %	to 4%	4 %
			Loss severity	60 %	to 85%	55 %
			Discount rate/yield	3 %	to 16%	10 %
			Cumulative loss rate	7 %	to 20%	14 %
			Duration (years)	0.7 years	to 1.4 years	1.1 years
		Market approach	Price	$37	to $100	$94
Loans and other receivables	$ 134,015	Market approach	Price	$31	to $101	$54
		Scenario analysis	Estimated recovery percentage	9 %	to 100%	76 %
Derivatives	$ 6,501					
Equity options		Volatility benchmarking	Volatility	46%		—
Interest rate swaps		Market approach	Basis points upfront	0.1	to 8.7	3.3
Total return swaps			Price	$100		—
Investments at fair value	$ 128,152					
Private equity securities		Market approach	Price	$1	to $152	$32
			EBITDA multiple	16.9		—
			Revenue multiple	4.9	to 5.1	5.0
		Scenario analysis	Estimated recovery percentage	7%		—
			Discount rate/yield	13 %	to 21%	17 %
			Revenue growth	0%		—
Investment in FXCM	$ 50,455					
Term loan		Discounted cash flows	Term based on the pay off (years)	0 months	to 2.2 years	2.2 years
Loans to and investments in associated companies						
Non-exchange-traded warrants	$ 30,842	Market approach	Underlying stock price	$662		—
			Underlying stock price	€15	to €18	€16
			Volatility	25 %	to 59%	31 %
Financial instruments sold, not yet purchased, at fair value						
Corporate equity securities	$ 4,635					
Non-exchange-traded securities		Market approach	Price	$1		—
Loans	$ 15,770	Market approach	Price	$31	to $100	$43
		Scenario analysis	Estimated recovery percentage	50%		—
Derivatives	$ 76,533					
Equity options		Volatility benchmarking	Volatility	26 %	to 77%	40 %
Interest rate swaps		Market approach	Basis points upfront	0.1	to 8.7	3.1
Total return swaps			Price	$100		—
Other secured financings	$ 25,905	Scenario analysis	Estimated recovery percentage	13 %	to 98%	92 %
Long-term debt						
Structured notes	$ 881,732	Market approach	Price	$76	to $115	$94
			Price	€81	to €113	€103

The fair values of certain Level 3 assets and liabilities that were determined based on third-party pricing information, unadjusted past transaction prices or a percentage of the reported enterprise fair value are excluded from the above tables. At February 28, 2022 and November 30, 2021, asset exclusions consisted of $45.0 million and $40.8 million, respectively, primarily comprised of certain investments at fair value, other asset-backed securities, sovereign obligations, residential mortgage-backed securities, commercial mortgage-backed securities, certain derivatives, loans and other receivables and corporate equity securities. At February 28, 2022 and November 30, 2021, liability exclusions consisted of $13.4 million and $2.2 million, respectively, primarily comprised of certain derivatives, sovereign obligations, corporate debt securities and commercial mortgage-backed securities.

Uncertainty of Fair Value Measurement from Use of Significant Unobservable Inputs

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the uncertainty of the fair value measurement due to the use of significant unobservable inputs and interrelationships between those unobservable inputs (if any) are described below:

- Non-exchange-traded securities, corporate debt securities, CDOs and CLOs, commercial mortgage-backed securities, loans and other receivables, other asset-backed securities, private equity securities, non-exchange-traded warrants, certain derivatives, other secured financings and structured notes using a market approach valuation technique. A significant increase (decrease) in the price of the private equity securities, non-exchange-traded securities, corporate debt securities, CDOs and CLOs, commercial mortgage-backed securities, other asset-backed securities, loans and other receivables, total return swaps, other secured financings or structured notes would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the EBITDA multiple related to corporate debt securities or private equity securities would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the revenue multiple related to private equity securities would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the underlying stock price of non-exchange-traded warrants would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the volatility of the underlying stock price of non-exchange-traded warrants would result in a significantly higher (lower) fair value measurement. Depending on whether we are a receiver or (payer) of basis points upfront, a significant increase in basis points would result in a significant increase (decrease) in the fair value measurement of interest rate swaps.
- Loans and other receivables, commercial mortgage-backed securities, private equity securities and other secured financings using scenario analysis. A significant increase (decrease) in the possible recovery rates of the cash flow outcomes underlying the financial instrument would result in a significantly higher (lower) fair value measurement for the financial instrument. A significant increase (decrease) in the discount rate/yield underlying the investment would result in a significantly lower (higher) fair value measurement. A significant increase (decrease) in the revenue growth underlying the investment would result in a significantly higher (lower) fair value measurement.
- CDOs and CLOs, other asset-backed securities, private equity securities and the FXCM term loan using a discounted cash flow valuation technique. A significant increase (decrease) in isolation in the constant default rate, loss severity or cumulative loss rate would result in a significantly lower (higher) fair value measurement. The impact of changes in the constant prepayment rate and duration would have differing impacts depending on the capital structure and type of security. A significant increase (decrease) in the discount rate/security yield would result in a significantly lower (higher) fair value measurement. A significant increase (decrease) in term based on the time to pay off the loan would result in a lower (higher) fair value measurement.
- Derivative equity options and non-exchange-traded securities using volatility benchmarking. A significant increase (decrease) in volatility would result in a significantly higher (lower) fair value measurement.

Fair Value Option Election

We have elected the fair value option for all loans and loan commitments made by our investment banking and capital markets businesses. These loans and loan commitments include loans entered into by our investment banking division in connection with client bridge financing and loan syndications, loans purchased by our leveraged credit trading desk as part of its bank loan trading activities and mortgage and consumer loan commitments, purchases and fundings in connection with mortgage-backed and other asset-backed securitization activities. Loans and loan commitments originated or purchased by our leveraged credit and mortgage-backed businesses are managed on a fair value basis. Loans are included in Financial instruments owned, at fair value and loan commitments are included in Financial instruments owned, at fair value and Financial instruments sold, not yet purchased, at fair value in the Consolidated Statements of Financial Condition. The fair value option election is not applied to loans made to affiliate entities as such loans are entered into as part of ongoing, strategic business ventures. Loans to affiliate entities are included in Loans to and investments in associated companies in the Consolidated Statements of Financial Condition and are accounted for on an amortized cost basis. We have also elected the fair value option for certain of our structured notes, which are managed by our investment banking and capital markets businesses and are included in Long-term

debt in the Consolidated Statements of Financial Condition. We have elected the fair value option for certain financial instruments held by subsidiaries as the investments are risk managed on a fair value basis. The fair value option has been elected for certain other secured financings that arise in connection with our securitization activities and other structured financings. Other secured financings, receivables from brokers, dealers and clearing organizations, receivables from customers of securities operations, other receivables, payables to brokers, dealers and clearing organizations and payables to customers of securities operations, are accounted for at cost plus accrued interest rather than at fair value; however, the recorded amounts approximate fair value due to their liquid or short-term nature, except for our automobile loans.

The following is a summary of gains (losses) due to changes in instrument-specific credit risk on loans, other receivables and debt instruments and gains (losses) due to other changes in fair value on long-term debt measured at fair value under the fair value option (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Financial instruments owned, at fair value:		
Loans and other receivables	$ (2,287)	$ 10,696
Financial instruments sold, not yet purchased, at fair value:		
Loans	$ 1,548	$ —
Long-term debt:		
Changes in instrument-specific credit risk (1)	$ 51,248	$ (91,982)
Other changes in fair value (2)	94,551	80,819

(1) Changes in instrument-specific credit risk related to structured notes are included in the Consolidated Statements of Comprehensive Income (Loss), net of taxes.
(2) Other changes in fair value are included in Principal transactions revenues in the Consolidated Statements of Operations.

The following is a summary of the amounts by which contractual principal is greater than (less than) fair value for loans and other receivables, long-term debt and other secured financings measured at fair value under the fair value option (in thousands):

	February 28, 2022	November 30, 2021
Financial instruments owned, at fair value:		
Loans and other receivables (1)	$ 5,533,863	$ 5,600,648
Loans and other receivables on nonaccrual status and/or 90 days or greater past due (1) (2)	51,601	64,203
Long-term debt	$ 107,282	$ (38,391)
Other secured financings	$ 3,432	$ 3,432

(1) Interest income is recognized separately from other changes in fair value and is included in Interest income in the Consolidated Statements of Operations.
(2) Amounts include loans and other receivables 90 days or greater past due by which contractual principal exceeds fair value of $16.8 million and $19.7 million at February 28, 2022 and November 30, 2021, respectively.

The aggregate fair value of loans and other receivables on nonaccrual status and/or 90 days or greater past due was $42.0 million and $56.9 million at February 28, 2022 and November 30, 2021, respectively, which includes loans and other receivables 90 days or greater past due of $11.9 million and $23.5 million at February 28, 2022 and November 30, 2021, respectively.

Financial Instruments Not Measured at Fair Value

Certain of our financial instruments are not carried at fair value but are recorded at amounts that approximate fair value due to their liquid or short-term nature and generally negligible credit risk. These financial assets include Cash and cash equivalents and Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations and would generally be presented within Level 1 of the fair value hierarchy.

Note 4. Derivative Financial Instruments

Derivative Financial Instruments

Derivative activities are recorded at fair value in the Consolidated Statements of Financial Condition in Financial instruments owned, at fair value and Financial instruments sold, not yet purchased, at fair value, net of cash paid or received under credit support agreements and on a net counterparty basis when a legally enforceable right to offset exists under a master netting agreement. Predominantly, we enter into derivative transactions to satisfy the needs of our clients and to manage our own exposure to market and credit risks resulting from our trading activities. In addition, we apply hedge accounting to (1) interest rate swaps that have been designated as fair value hedges of the changes in fair value due to the benchmark interest rate for certain fixed rate senior long-term debt and (2) forward foreign exchange contracts designated as hedges to offset the change in the value of certain net investments in foreign operations. See Notes 3 and 18 for additional disclosures about derivative financial instruments.

Derivatives are subject to various risks similar to other financial instruments, including market, credit and operational risk. The risks of derivatives should not be viewed in isolation, but rather should be considered on an aggregate basis along with our other trading-related activities. We manage the risks associated with derivatives on an aggregate basis along with the risks associated with proprietary trading as part of our firm wide risk management policies.

In connection with our derivative activities, we may enter into International Swaps and Derivatives Association, Inc. master netting agreements or similar agreements with counterparties.

The following tables present the fair value and related number of derivative contracts at February 28, 2022 and November 30, 2021 categorized by type of derivative contract and the platform on which these derivatives are transacted. The fair value of assets/liabilities represents our receivable/payable for derivative financial instruments, gross of counterparty netting and cash collateral received and pledged. The following tables also provide information regarding (1) the extent to which, under enforceable master netting arrangements, such balances are presented net in the Consolidated Statements of Financial Condition as appropriate under GAAP and (2) the extent to which other rights of setoff associated with these arrangements exist and could have an effect on our financial position (in thousands, except contract amounts).

	Assets		Liabilities	
	Fair Value	Number of Contracts (2)	Fair Value	Number of Contracts (2)
February 28, 2022 (1)				
Derivatives designated as accounting hedges:				
Interest rate contracts:				
Cleared OTC	$ 13,714	1	$ 56,705	2
Foreign exchange contracts:				
Bilateral OTC	19,524	4	—	—
Total derivatives designated as accounting hedges	33,238		56,705	
Derivatives not designated as accounting hedges:				
Interest rate contracts:				
Exchange-traded	3,787	32,961	2,896	75,002
Cleared OTC	1,110,870	3,824	1,038,884	3,865
Bilateral OTC	336,238	791	434,723	958
Foreign exchange contracts:				
Bilateral OTC	869,171	15,664	858,003	15,520
Equity contracts:				
Exchange-traded	935,862	1,706,804	715,512	1,589,013
Bilateral OTC	293,800	6,084	1,174,659	6,263
Commodity contracts:				
Exchange-traded	78	1,931	30	1,860
Bilateral OTC	754	423	31,899	1,550
Credit contracts:				
Cleared OTC	93,487	131	103,708	140
Bilateral OTC	6,806	14	12,274	14
Total derivatives not designated as accounting hedges	3,650,853		4,372,588	
Total gross derivative assets/liabilities:				
Exchange-traded	939,727		718,438	
Cleared OTC	1,218,071		1,199,297	
Bilateral OTC	1,526,293		2,511,558	
Amounts offset in the Consolidated Statement of Financial Condition (3):				
Exchange-traded	(716,499)		(716,499)	
Cleared OTC	(1,189,030)		(1,199,297)	
Bilateral OTC	(1,341,109)		(1,570,287)	
Net amounts in the Consolidated Statement of Financial Condition (4)	$ 437,453		$ 943,210	

(continued)

	Assets		Liabilities	
	Fair Value	Number of Contracts (2)	Fair Value	Number of Contracts (2)
November 30, 2021 (1)				
Derivatives designated as accounting hedges:				
Interest rate contracts:				
Cleared OTC	$ 35,726	2	$ 32,200	1
Foreign exchange contracts:				
Bilateral OTC	30,462	4	—	—
Total derivatives designated as accounting hedges	66,188		32,200	
Derivatives not designated as accounting hedges:				
Interest rate contracts:				
Exchange-traded	1,262	23,888	756	39,195
Cleared OTC	373,355	4,505	367,134	4,467
Bilateral OTC	322,353	1,037	283,481	967
Foreign exchange contracts:				
Bilateral OTC	1,428,712	17,792	1,437,116	17,576
Equity contracts:				
Exchange-traded	1,206,606	1,582,713	1,036,019	1,450,624
Bilateral OTC	377,132	2,888	1,824,418	2,682
Commodity contracts:				
Exchange-traded	448	1,394	223	1,457
Bilateral OTC	2,703	616	9,862	825
Credit contracts:				
Cleared OTC	84,180	132	108,999	128
Bilateral OTC	13,289	14	14,168	17
Total derivatives not designated as accounting hedges	3,810,040		5,082,176	
Total gross derivative assets/liabilities:				
Exchange-traded	1,208,316		1,036,998	
Cleared OTC	493,261		508,333	
Bilateral OTC	2,174,651		3,569,045	
Amounts offset in the Consolidated Statement of Financial Condition (3):				
Exchange-traded	(1,008,091)		(1,008,091)	
Cleared OTC	(483,339)		(508,333)	
Bilateral OTC	(1,814,326)		(2,185,776)	
Net amounts in the Consolidated Statement of Financial Condition (4)	$ 570,472		$ 1,412,176	

(1) Exchange-traded derivatives include derivatives executed on an organized exchange. Cleared OTC derivatives include derivatives executed bilaterally and subsequently novated to and cleared through central clearing counterparties. Bilateral OTC derivatives include derivatives executed and settled bilaterally without the use of an organized exchange or central clearing counterparty.

(2) Number of exchange-traded contracts may include open futures contracts. The unsettled fair value of these futures contracts is included in Receivables and Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition.

(3) Amounts netted include both netting by counterparty and for cash collateral paid or received.

(4) We have not received or pledged additional collateral under master netting agreements and/or other credit support agreements that is eligible to be offset beyond what has been offset in the Consolidated Statements of Financial Condition.

The following table provides information related to gains (losses) recognized in Interest expense of Jefferies Group in the Consolidated Statements of Operations related to fair value hedges (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Interest rate swaps	$ (43,998)	$ (43,791)
Long-term debt	50,542	46,811
Total	$ 6,544	$ 3,020

The following table provides information related to gains (losses) on net investment hedges recognized in Net unrealized foreign exchange gains (losses), a component of Other comprehensive income (loss), in the Consolidated Statements of Comprehensive Income (Loss) (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Foreign exchange contracts	$ (10,938)	$ (41,500)
Total	$ (10,938)	$ (41,500)

The following table presents unrealized and realized gains (losses) on derivative contracts which are primarily recognized in Principal transactions revenues in the Consolidated Statements of Operations, which are utilized in connection with our client activities and our economic risk management activities (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Interest rate contracts	$ (41,592)	$ (42,124)
Foreign exchange contracts	2,624	46,829
Equity contracts	210,937	(89,697)
Commodity contracts	(34,305)	(18,349)
Credit contracts	4,432	821
Total	$ 142,096	$ (102,520)

The net gains (losses) on derivative contracts in the table above are one of a number of activities comprising our business activities and are before consideration of economic hedging transactions, which generally offset the net gains (losses) included above. We substantially mitigate our exposure to market risk on our cash instruments through derivative contracts, which generally provide offsetting revenues, and we manage the risk associated with these contracts in the context of our overall risk management framework.

OTC Derivatives. The following tables set forth by remaining contract maturity the fair value of OTC derivative assets and liabilities as reflected in the Consolidated Statement of Financial Condition at February 28, 2022 (in thousands):

	OTC Derivative Assets (1) (2) (3)				
	0-12 Months	1-5 Years	Greater Than 5 Years	Cross-Maturity Netting (4)	Total
Commodity swaps, options and forwards	$ 76	$ 678	$ —	$ (754)	$ —
Equity options and forwards	10,211	2,998	—	(4,086)	9,123
Credit default swaps	—	15	—	—	15
Total return swaps	80,255	44,438	158	(8,263)	116,588
Foreign currency forwards, swaps and options	339,685	4,081	—	(4,111)	339,655
Fixed income forwards	5,285	—	—	—	5,285
Interest rate swaps, options and forwards	59,302	155,998	84,286	(45,314)	254,272
Total	$ 494,814	$ 208,208	$ 84,444	$ (62,528)	724,938
Cross product counterparty netting					(8,869)
Total OTC derivative assets included in Financial instruments owned, at fair value					$ 716,069

(1) At February 28, 2022, we held net exchange-traded derivative assets and other credit agreements with a fair value of $226.9 million, which are not included in this table.
(2) OTC derivative assets in the table above are gross of collateral received. OTC derivative assets are recorded net of collateral received in the Consolidated Statements of Financial Condition. At February 28, 2022, cash collateral received was $505.5 million.
(3) Derivative fair values include counterparty netting within product category.
(4) Amounts represent the netting of receivable balances with payable balances for the same counterparty within product category across maturity categories.

	OTC Derivative Liabilities (1) (2) (3)				
	0-12 Months	1-5 Years	Greater Than 5 Years	Cross-Maturity Netting (4)	Total
Commodity swaps, options and forwards	$ 30,049	$ 1,850	$ —	$ (754)	$ 31,145
Equity options and forwards	9,871	534,211	33,407	(4,086)	573,403
Credit default swaps	—	10,236	—	—	10,236
Total return swaps	124,832	324,482	—	(8,263)	441,051
Foreign currency forwards, swaps and options	307,174	5,271	—	(4,111)	308,334
Fixed income forwards	2,879	—	—	—	2,879
Interest rate swaps, options and forwards	43,259	124,965	200,069	(45,314)	322,979
Total	$ 518,064	$ 1,001,015	$ 233,476	$ (62,528)	1,690,027
Cross product counterparty netting					(8,869)
Total OTC derivative liabilities included in Financial instruments sold, not yet purchased, at fair value					$ 1,681,158

(1) At February 28, 2022, we held net exchange-traded derivative liabilities and other credit agreements with a fair value of $7.0 million, which are not included in this table.
(2) OTC derivative liabilities in the table above are gross of collateral pledged. OTC derivative liabilities are recorded net of collateral pledged in the Consolidated Statements of Financial Condition. At February 28, 2022, cash collateral pledged was $744.9 million.
(3) Derivative fair values include counterparty netting within product category.
(4) Amounts represent the netting of receivable balances with payable balances for the same counterparty within product category across maturity categories.

At February 28, 2022, the counterparty credit quality with respect to the fair value of our OTC derivative assets was as follows (in thousands):

Counterparty credit quality (1):	
A- or higher	$ 467,918
BBB- to BBB+	15,109
BB+ or lower	119,477
Unrated	113,565
Total	$ 716,069

(1) We utilize internal credit ratings determined by the Jefferies Group's Risk Management department. Credit ratings determined by Jefferies Group Risk Management use methodologies that produce ratings generally consistent with those produced by external rating agencies.

Credit Related Derivative Contracts

The external credit ratings of the underlyings or referenced assets for our written credit related derivative contracts are as follows (in millions):

	External Credit Rating			
	Investment Grade	**Non-investment grade**	**Unrated**	**Total Notional**
February 28, 2022				
Credit protection sold:				
Index credit default swaps	$ 2,674.4	$ 1,262.8	$ —	$ 3,937.2
Single name credit default swaps	—	—	0.2	0.2
November 30, 2021				
Credit protection sold:				
Index credit default swaps	$ 2,612.0	$ 1,298.8	$ —	$ 3,910.8
Single name credit default swaps	—	17.6	0.2	17.8

Contingent Features

Certain of Jefferies Group's derivative instruments contain provisions that require its debt to maintain an investment grade credit rating from each of the major credit rating agencies. If Jefferies Group's debt was to fall below investment grade, it would be in violation of these provisions and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on the derivative instruments in liability positions. The following table presents the aggregate fair value of all derivative instruments with such credit-risk-related contingent features that are in a liability position, the collateral amounts posted or received in the normal course of business and the potential collateral we would have been required to return and/or post additionally to our counterparties if the credit-risk-related contingent features underlying these agreements were triggered (in millions).

	February 28, 2022	**November 30, 2021**
Derivative instrument liabilities with credit-risk-related contingent features	$ 642.0	$ 821.5
Collateral posted	(313.7)	(160.5)
Collateral received	117.6	369.3
Return of and additional collateral required in the event of a credit rating downgrade below investment grade (1)	446.0	1,030.4

(1) These potential outflows include initial margin received from counterparties at the execution of the derivative contract. The initial margin will be returned if counterparties elect to terminate the contract after a downgrade.

Other Derivatives

Vitesse Energy uses swaps and put options in order to reduce exposure to future oil price fluctuations. Vitesse Energy accounts for the derivative instruments at fair value. The gains and losses associated with the change in fair value of the derivatives are recorded in Other revenues.

Note 5. Collateralized Transactions

Our repurchase agreements and securities borrowing and lending arrangements are generally recorded at cost in the Consolidated Statements of Financial Condition, which is a reasonable approximation of their fair values due to their short-term nature. We enter into secured borrowing and lending arrangements to obtain collateral necessary to effect settlement, finance inventory positions, meet customer needs or re-lend as part of dealer operations. We monitor the fair value of the securities loaned and borrowed on a daily basis as compared with the related payable or receivable, and request additional collateral or return excess collateral, as appropriate. We pledge financial instruments as collateral under repurchase agreements, securities lending agreements and other secured arrangements, including clearing arrangements. Our agreements with counterparties generally contain contractual provisions allowing the counterparty the right to sell or repledge the collateral. Pledged securities owned that can be sold or repledged by the counterparty are included in Financial instruments owned, at fair value, and noted parenthetically as Securities pledged in the Consolidated Statements of Financial Condition.

In instances where we receive securities as collateral in connection with securities-for-securities transactions in which we are the lender of securities and are permitted to sell or repledge the securities received as collateral, we report the fair value of the collateral received and the related obligation to return the collateral in the Consolidated Statements of Financial Condition.

The following tables set forth the carrying value of securities lending arrangements, repurchase agreements and obligation to return securities received as collateral, at fair value, by class of collateral pledged and remaining contractual maturity (in thousands):

Collateral Pledged	Securities Lending Arrangements	Repurchase Agreements	Obligation to Return Securities Received as Collateral, at Fair Value	Total
February 28, 2022				
Corporate equity securities	$ 1,431,940	$ 429,316	$ 973	$ 1,862,229
Corporate debt securities	347,323	2,521,386	—	2,868,709
Mortgage-backed and asset-backed securities	—	1,869,580	—	1,869,580
U.S. government and federal agency securities	21,530	9,787,873	—	9,809,403
Municipal securities	—	294,824	—	294,824
Sovereign obligations	8,103	3,493,773	—	3,501,876
Loans and other receivables	—	905,073	—	905,073
Total	$ 1,808,896	$ 19,301,825	$ 973	$ 21,111,694
November 30, 2021				
Corporate equity securities	$ 1,160,916	$ 150,602	$ 7,289	$ 1,318,807
Corporate debt securities	321,356	2,684,458	—	3,005,814
Mortgage-backed and asset-backed securities	—	1,209,442	—	1,209,442
U.S. government and federal agency securities	6,348	8,426,536	—	8,432,884
Municipal securities	—	413,073	—	413,073
Sovereign obligations	37,101	2,422,901	—	2,460,002
Loans and other receivables	—	712,388	—	712,388
Total	$ 1,525,721	$ 16,019,400	$ 7,289	$ 17,552,410

	Contractual Maturity				
	Overnight and Continuous	Up to 30 Days	31 to 90 Days	Greater than 90 Days	Total
February 28, 2022					
Securities lending arrangements	$ 973,963	$ —	$ 292,966	$ 541,967	$ 1,808,896
Repurchase agreements	10,491,946	2,288,295	2,686,587	3,834,997	19,301,825
Obligation to return securities received as collateral, at fair value	973	—	—	—	973
Total	$ 11,466,882	$ 2,288,295	$ 2,979,553	$ 4,376,964	$ 21,111,694
November 30, 2021					
Securities lending arrangements	$ 595,628	$ 1,318	$ 539,623	$ 389,152	$ 1,525,721
Repurchase agreements	6,551,934	1,798,716	4,361,993	3,306,757	16,019,400
Obligation to return securities received as collateral, at fair value	7,289	—	—	—	7,289
Total	$ 7,154,851	$ 1,800,034	$ 4,901,616	$ 3,695,909	$ 17,552,410

We receive securities as collateral under resale agreements, securities borrowing transactions and customer margin loans. We also receive securities as collateral in connection with securities-for-securities transactions in which we are the lender of securities. In many instances, we are permitted by contract to rehypothecate the securities received as collateral. These securities may be used to secure repurchase agreements, enter into securities lending transactions, satisfy margin requirements on derivative transactions or cover short positions. At February 28, 2022 and November 30, 2021, the approximate fair value of securities received as collateral by us that may be sold or repledged was $34.59 billion and $31.97 billion, respectively. At February 28, 2022 and November 30, 2021, a substantial portion of the securities received have been sold or repledged.

Offsetting of Securities Financing Agreements

To manage our exposure to credit risk associated with securities financing transactions, we may enter into master netting agreements and collateral arrangements with counterparties. Generally, transactions are executed under standard industry agreements, including, but not limited to, master securities lending agreements (securities lending transactions) and master repurchase agreements (repurchase transactions).

The following table provides information regarding repurchase agreements, securities borrowing and lending arrangements and securities received as collateral, at fair value, and obligation to return securities received as collateral, at fair value, that are recognized in the Consolidated Statements of Financial Condition and (1) the extent to which, under enforceable master netting arrangements, such balances are presented net in the Consolidated Statements of Financial Condition as appropriate under GAAP and (2) the extent to which other rights of setoff associated with these arrangements exist and could have an effect on our consolidated financial position.

(In thousands)	Gross Amounts	Netting in Consolidated Statements of Financial Condition	Net Amounts in Consolidated Statements of Financial Condition	Additional Amounts Available for Setoff (1)	Available Collateral (2)	Net Amount (3)
Assets at February 28, 2022						
Securities borrowing arrangements	$ 7,110,757	$ —	$ 7,110,757	$ (666,368)	$ (1,374,501)	$ 5,069,888
Reverse repurchase agreements	16,925,395	(10,368,182)	6,557,213	(669,010)	(5,845,969)	42,234
Securities received as collateral, at fair value	973	—	973	—	(973)	—
Liabilities at February 28, 2022						
Securities lending arrangements	$ 1,808,896	$ —	$ 1,808,896	$ (666,368)	$ (1,091,177)	$ 51,351
Repurchase agreements	19,301,825	(10,368,182)	8,933,643	(669,010)	(7,788,211)	476,422
Obligation to return securities received as collateral, at fair value	973	—	973	—	(973)	—
Assets at November 30, 2021						
Securities borrowing arrangements	$ 6,409,420	$ —	$ 6,409,420	$ (271,475)	$ (1,528,206)	$ 4,609,739
Reverse repurchase agreements	15,215,785	(7,573,301)	7,642,484	(540,312)	(7,048,823)	53,349
Securities received as collateral, at fair value	7,289	—	7,289	—	(7,289)	—
Liabilities at November 30, 2021						
Securities lending arrangements	$ 1,525,721	$ —	$ 1,525,721	$ (271,475)	$ (1,213,563)	$ 40,683
Repurchase agreements (4)	16,019,400	(7,573,301)	8,446,099	(540,312)	(7,136,585)	769,202
Obligation to return securities received as collateral, at fair value	7,289	—	7,289	—	(7,289)	—

(1) Under master netting agreements with our counterparties, we have the legal right of offset with a counterparty, which incorporates all of the counterparty's outstanding rights and obligations under the arrangement. These balances reflect additional credit risk mitigation that is available by a counterparty in the event of a counterparty's default, but which are not netted in the Consolidated Statements of Financial Condition because other netting provisions of GAAP are not met.

(2) Includes securities received or paid under collateral arrangements with counterparties that could be liquidated in the event of a counterparty default and thus offset against a counterparty's rights and obligations under the respective repurchase agreements or securities borrowing or lending arrangements.

(3) At February 28, 2022, amounts include $5.01 billion of securities borrowing arrangements, for which we have received securities collateral of $4.87 billion, and $470.0 million of repurchase agreements, for which we have pledged securities collateral of $485.1 million, which are subject to master netting agreements, but we have not determined the agreements to be legally enforceable. At November 30, 2021, amounts include $4.51 billion of securities borrowing arrangements, for which we have received securities collateral of $4.35 billion, and $765.0 million of repurchase agreements, for which we have pledged securities collateral of $781.8 million, which are subject to master netting agreements, but we have not determined the agreements to be legally enforceable.

(4) There was an immaterial correction in the amount of available collateral, which resulted in a $200 million decrease in the available collateral and a $200 million increase in the net amount related to repurchase agreements at November 30, 2021.

Cash and Securities Segregated and on Deposit for Regulatory Purposes or Deposited with Clearing and Depository Organizations

Cash and securities segregated in accordance with regulatory regulations and deposited with clearing and depository organizations totaled $838.1 million and $1.02 billion at February 28, 2022 and November 30, 2021, respectively. Segregated cash and securities consist of deposits in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934, which subjects Jefferies LLC as a broker-dealer carrying customer accounts to requirements related to maintaining cash or qualified securities in segregated special reserve bank accounts for the exclusive benefit of its customers.

Other Assets

Restricted cash, which is comprised of cash reserve balances required by securitization agreements and cash collections associated with automobile loans pledged to warehouse credit facilities, is included in Other assets in the Consolidated Statements of Financial Condition. These restricted cash balances are held by trustees and are distributed monthly by the trustees per the various securitization and warehouse credit facility agreements. Restricted cash may also include amounts related to pre-funding arrangements put in place for securitizations, which are funds that remain in an escrow account managed by a trustee until we pledge additional automobile loans to meet the collateral requirements of the related notes, at which time the funds become available for our use.

Note 6. Securitization Activities

We engage in securitization activities related to corporate loans, mortgage loans, consumer loans and mortgage-backed and other asset-backed securities. In our securitization transactions, we transfer these assets to special purpose entities ("SPEs") and act as the placement or structuring agent for the beneficial interests sold to investors by the SPE. A significant portion of our securitization transactions are the securitization of assets issued or guaranteed by U.S. government agencies. These SPEs generally meet the criteria of variable interest entities ("VIEs"); however, we generally do not consolidate the SPEs as we are not considered the primary beneficiary for these SPEs.

We account for our securitization transactions as sales, provided we have relinquished control over the transferred assets. Transferred assets are carried at fair value with unrealized gains and losses reflected in Principal transactions revenues in the Consolidated Statements of Operations prior to the identification and isolation for securitization. Subsequently, revenues recognized upon securitization are reflected as net underwriting revenues. We generally receive cash proceeds in connection with the transfer of assets to an SPE. We may, however, have continuing involvement with the transferred assets, which is limited to retaining one or more tranches of the securitization (primarily senior and subordinated debt securities in the form of mortgage-backed and other asset-backed securities or CLOs). These securities are included in Financial instruments owned, at fair value in the Consolidated Statements of Financial Condition and are generally initially categorized as Level 2 within the fair value hierarchy.

The following table presents activity related to our securitizations that were accounted for as sales in which we had continuing involvement (in millions):

	For the Three Months Ended February 28,	
	2022	2021
Transferred assets	$ 1,080.6	$ 3,583.5
Proceeds on new securitizations	1,080.6	3,583.1
Cash flows received on retained interests	8.9	6.3

We have no explicit or implicit arrangements to provide additional financial support to these SPEs, have no liabilities related to these SPEs and do not have any outstanding derivative contracts executed in connection with these securitization activities at February 28, 2022 and November 30, 2021.

The following table summarizes our retained interests in SPEs where we transferred assets and have continuing involvement and received sale accounting treatment (in millions):

	February 28, 2022		November 30, 2021	
Securitization Type	Total Assets	Retained Interests	Total Assets	Retained Interests
U.S. government agency residential mortgage-backed securities	$ 278.4	$ 4.9	$ 330.2	$ 4.9
U.S. government agency commercial mortgage-backed securities	1,842.3	54.0	2,201.8	69.2
CLOs	3,984.1	31.7	3,382.3	31.0
Consumer and other loans	2,541.2	141.7	2,271.4	136.4

Total assets represent the unpaid principal amount of assets in the SPEs in which we have continuing involvement and are presented solely to provide information regarding the size of the transactions and the size of the underlying assets supporting our retained interests, and are not considered representative of the risk of potential loss. Assets retained in connection with a securitization transaction represent the fair value of the securities of one or more tranches issued by an SPE, including senior and subordinated tranches. Our risk of loss is limited to this fair value amount, which is included in total Financial instruments owned, at fair value in the Consolidated Statements of Financial Condition.

Although not obligated, in connection with secondary market-making activities we may make a market in the securities issued by these SPEs. In these market-making transactions, we buy these securities from and sell these securities to investors. Securities purchased through these market-making activities are not considered to be continuing involvement in these SPEs. To the extent we purchased securities through these market-making activities and we are not deemed to be the primary beneficiary of the VIE, these securities are included in agency and non-agency mortgage-backed and asset-backed securitizations in the nonconsolidated VIEs section presented in Note 7.

Note 7. Variable Interest Entities

VIEs are entities in which equity investors lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary. The primary beneficiary is the party who has both (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity.

Our variable interests in VIEs include debt and equity interests, equity interests in associated companies, commitments, guarantees and certain fees. Our involvement with VIEs arises primarily from the following activities, but also includes other activities discussed below:

- Purchases of securities in connection with our trading and secondary market-making activities;
- Retained interests held as a result of securitization activities;
- Acting as placement agent and/or underwriter in connection with client-sponsored securitizations;
- Financing of agency and non-agency mortgage-backed and other asset-backed securities;
- Acting as servicer for a fee to automobile loan financing vehicles;
- Warehouse funding arrangements for client-sponsored consumer and mortgage loan vehicles and CLOs through participation agreements, forward sale agreements, reverse repurchase agreements and revolving loan and note commitments; and
- Loans to, investments in and fees from various investment vehicles.

We determine whether we are the primary beneficiary of a VIE upon our initial involvement with the VIE and we reassess whether we are the primary beneficiary of a VIE on an ongoing basis. Our determination of whether we are the primary beneficiary of a VIE is based upon the facts and circumstances for each VIE and requires judgment. Our considerations in determining the VIE's most significant activities and whether we have power to direct those activities include, but are not limited to, the VIE's purpose and design and the risks passed through to investors, the voting interests of the VIE, management, service and/or other agreements of the VIE, involvement in the VIE's initial design and the existence of explicit or implicit financial guarantees. In situations where we have determined that the power over the VIE's significant activities is shared, we assess whether we are the party with the power over the most significant activities. If we are the party with the power over the most significant activities, we meet the "power" criteria of the primary beneficiary. If we do not have the power over the most significant activities or we determine that decisions require consent of each sharing party, we do not meet the "power" criteria of the primary beneficiary.

We assess our variable interests in a VIE both individually and in aggregate to determine whether we have an obligation to absorb losses of or a right to receive benefits from the VIE that could potentially be significant to the VIE. The determination of whether our variable interest is significant to the VIE requires judgment. In determining the significance of our variable interest, we consider the terms, characteristics and size of the variable interests, the design and characteristics of the VIE, our involvement in the VIE and our market-making activities related to the variable interests.

Consolidated VIEs

The following table presents information about our consolidated VIEs (in millions). The assets and liabilities in the table below are presented prior to consolidation and thus a portion of these assets and liabilities are eliminated in consolidation.

	February 28, 2022		November 30, 2021	
	Secured Funding Vehicles	Other	Secured Funding Vehicles	Other
Cash	$ 11.6	$ —	$ 3.8	$ —
Financial instruments owned, at fair value	239.5	64.7	173.1	146.4
Securities purchased under agreements to resell (1)	2,554.8	18.0	3,697.1	—
Receivables (2)	742.9	54.2	626.8	40.6
Other assets (3)	133.7	56.3	114.6	—
Total assets	$ 3,682.5	$ 193.2	$ 4,615.4	$ 187.0
Financial instruments sold, not yet purchased, at fair value	$ —	$ 18.0	$ —	$ 109.1
Other secured financings (4)	3,609.5	—	4,521.6	—
Repurchase agreements	—	47.1	—	—
Other liabilities (5)	52.9	92.8	46.6	75.3
Total liabilities	$ 3,662.4	$ 157.9	$ 4,568.2	$ 184.4
Noncontrolling interests	$ —	$ 32.5	$ —	$ —

(1) Securities purchased under agreements to resell primarily represent amounts due under collateralized transactions on related consolidated entities, which are eliminated in consolidation. At February 28, 2022, approximately $18.0 million was not eliminated in consolidation.
(2) Approximately $1.4 million and $1.2 million of receivables at February 28, 2022 and November 30, 2021, respectively, are with related consolidated entities, which are eliminated in consolidation.
(3) Approximately $45.7 million and $56.5 million of the other assets at February 28, 2022 and November 30, 2021, respectively, represent intercompany receivables with related consolidated entities, which are eliminated in consolidation.
(4) Approximately $58.6 million and $36.7 million of the other secured financings at February 28, 2022 and November 30, 2021, respectively, are with related consolidated entities, which are eliminated in consolidation.
(5) Approximately $84.1 million and $75.3 million of the other liabilities at February 28, 2022 and November 30, 2021, respectively, represent intercompany payables with related consolidated entities, which are eliminated in consolidation.

Secured Funding Vehicles. We are the primary beneficiary of asset-backed financing vehicles to which we sell agency and non-agency residential and commercial mortgage loans and asset-backed securities pursuant to the terms of a master repurchase agreement. Our variable interests in these vehicles consist of our collateral margin maintenance obligations under the master repurchase agreement, which we manage, and retained interests in securities issued. The assets of these VIEs consist of reverse repurchase agreements, which are available for the benefit of the vehicle's debt holders.

At February 28, 2022 and November 30, 2021, Foursight is the primary beneficiary of automobile loan financing vehicles to which we transfer automobile loans, act as servicer of the automobile loans for a fee and retain equity interests in the vehicles. The assets of these VIEs consist primarily of automobile loans, which are accounted for as loans held for investment at amortized cost and included within Receivables in the Consolidated Statements of Financial Condition. The liabilities of these VIEs consist of notes issued by the VIEs, which are accounted for at amortized cost and included within Other secured financings in the Consolidated Statements of Financial Condition and do not have recourse to our general credit. The automobile loans are pledged as collateral for the related notes and available only for the benefit of the note holders.

Other. We are the primary beneficiary of certain investment vehicles set up for the benefit of our employees. We manage and invest alongside our employees in these vehicles. The assets of these VIEs consist of private equity securities and are available for the benefit of the entities' equity holders. Our variable interests in these vehicles consist of equity securities. The creditors of these VIEs do not have recourse to our general credit and each such VIE's assets are not available to satisfy any other debt.

Additionally, HomeFed is the primary beneficiary of a real estate syndication entity that is developing a multi-family residential property. HomeFed invested in this property together with other third-party investors that have noncontrolling interests, and manages the property. Its assets consist primarily of the real estate being developed and its liabilities consist primarily of accrued capital expenditures and other payables. Our variable interests in the VIE consist primarily of our equity ownership interest, a sponsor promote, and development and asset management fees earned for managing the project.

Nonconsolidated VIEs

The following table presents information about our variable interests in nonconsolidated VIEs (in millions):

	Carrying Amount		Maximum Exposure to Loss	VIE Assets
	Assets	Liabilities		
February 28, 2022				
CLOs	$ 851.1	$ 2.9	$ 3,500.2	$ 8,461.2
Asset-backed vehicles	485.8	—	510.6	5,022.5
Related party private equity vehicles	26.2	—	36.9	74.7
Other investment vehicles	1,276.5	—	1,371.5	16,757.1
Total	$ 2,639.6	$ 2.9	$ 5,419.2	$ 30,315.5
November 30, 2021				
CLOs	$ 582.2	$ 2.0	$ 2,557.1	$ 10,277.5
Asset-backed vehicles	281.9	—	359.3	3,474.6
Related party private equity vehicles	27.1	—	37.8	78.9
Other investment vehicles	1,111.5	—	1,201.6	15,101.4
Total	$ 2,002.7	$ 2.0	$ 4,155.8	$ 28,932.4

Our maximum exposure to loss often differs from the carrying value of the variable interests. The maximum exposure to loss is dependent on the nature of the variable interests in our VIEs and is limited to the notional amounts of certain loan and equity commitments and guarantees. Our maximum exposure to loss does not include the offsetting benefit of any financial instruments that may be utilized to hedge the risks associated with our variable interests and is not reduced by the amount of collateral held as part of a transaction with a VIE.

Collateralized Loan Obligations. Assets collateralizing the CLOs include bank loans, participation interests, sub-investment grade and senior secured U.S. loans and senior secured Euro denominated corporate leveraged loans and bonds. We underwrite securities issued in CLO transactions on behalf of sponsors and provide advisory services to the sponsors. We may also sell corporate loans to the CLOs. Our variable interests in connection with CLOs where we have been involved in providing underwriting and/or advisory services consist of the following:

- Forward sale agreements whereby we commit to sell, at a fixed price, corporate loans and ownership interests in an entity holding such corporate loans to CLOs;
- Warehouse funding arrangements in the form of:
  - Participation interests in corporate loans held by CLOs and commitments to fund such participation interests;
  - Reverse repurchase agreements with collateral margin maintenance obligations and commitments to fund such reverse repurchase agreements; and
  - Senior and subordinated notes issued in connection with CLO warehousing activities.
- Trading positions in securities issued in CLO transactions; and
- Investments in variable funding notes issued by CLOs.

Asset-Backed Vehicles. We provide financing and lending related services to certain client-sponsored VIEs in the form of revolving funding note agreements, revolving credit facilities, forward purchase agreements and reverse repurchase agreements. The underlying assets, which are collateralizing the vehicles, are primarily composed of unsecured consumer loans and mortgage loans. In addition, we may provide structuring and advisory services and act as an underwriter or placement agent for securities issued by the vehicles. We do not control the activities of these entities.

Related Party Private Equity Vehicles. We committed to invest in private equity funds (the "JCP Funds", including Jefferies Group's interests in Jefferies Capital Partners V L.P. and the Jefferies SBI USA Fund L.P. (together, "JCP Fund V")) managed by Jefferies Capital Partners, LLC (the "JCP Manager"). Additionally, we committed to invest in the general partners of the JCP Funds (the "JCP General Partners") and the JCP Manager. Our variable interests in the JCP Funds, JCP General Partners and JCP Manager (collectively, the "JCP Entities") consist of equity interests that, in total, provide us with limited and general partner investment returns of the JCP Funds, a portion of the carried interest earned by the JCP General Partners and a portion of the management fees earned by the JCP Manager. At both February 28, 2022 and November 30, 2021, our total equity commitment in the JCP Entities was $133.0 million, of which $122.3 million and $122.3 million, respectively, had been funded. The carrying value of our equity investments in the JCP Entities was $26.2 million and $27.1 million at February 28, 2022 and November 30, 2021, respectively. Our exposure to loss is limited to the total of our carrying value and unfunded equity commitment. The assets of the JCP Entities primarily consist of private equity and equity related investments.

Other Investment Vehicles. The carrying amount of our equity investment was $1.28 billion and $1.11 billion at February 28, 2022 and November 30, 2021, respectively. Our unfunded equity commitment related to these investments totaled $95.1 million and $90.0 million at February 28, 2022 and November 30, 2021, respectively. Our exposure to loss is limited to the total of our carrying value and unfunded equity commitment. These investment vehicles have assets primarily consisting of private and public equity investments, debt instruments, trade and insurance claims and various oil and gas assets.

Mortgage-Backed and Other Asset-Backed Secured Funding Vehicles. In connection with our secondary trading and market-making activities, we buy and sell agency and non-agency mortgage-backed securities and other asset-backed securities, which are issued by third-party securitization SPEs and are generally considered variable interests in VIEs. Securities issued by securitization SPEs are backed by residential mortgage loans, U.S. agency collateralized mortgage obligations, commercial mortgage loans, CDOs and CLOs and other consumer loans, such as installment receivables, automobile loans and student loans. These securities are accounted for at fair value and included in Financial instruments owned, at fair value in the Consolidated Statements of Financial Condition. We have no other involvement with the related SPEs and therefore do not consolidate these entities.

We also engage in underwriting, placement and structuring activities for third-party-sponsored securitization trusts generally through agency (Fannie Mae, Federal Home Loan Mortgage Corporation ("Freddie Mac") or Ginnie Mae) or non-agency-sponsored SPEs and may purchase loans or mortgage-backed securities from third-parties that are subsequently transferred into the securitization trusts. The securitizations are backed by residential and commercial mortgage, home equity and automobile loans. We do not consolidate agency-sponsored securitizations as we do not have the power to direct the activities of the SPEs that most significantly impact their economic performance. Further, we are not the servicer of non-agency-sponsored securitizations and therefore do not have power to direct the most significant activities of the SPEs and accordingly, do not consolidate these entities. We may retain unsold senior and/or subordinated interests at the time of securitization in the form of securities issued by the SPEs.

At February 28, 2022 and November 30, 2021, we held $1.05 billion and $1.31 billion of agency mortgage-backed securities, respectively, and $207.0 million and $253.9 million of non-agency mortgage-backed and other asset-backed securities, respectively, as a result of our secondary trading and market-making activities, and underwriting, placement and structuring activities. Our maximum exposure to loss on these securities is limited to the carrying value of our investments in these securities. These mortgage-backed and other asset-backed secured funding vehicles discussed are not included in the above table containing information about our variable interests in nonconsolidated VIEs.

FXCM is considered a VIE and our term loan and equity ownership are variable interests. We have determined that we are not the primary beneficiary of FXCM because we do not have the power to direct the activities that most significantly impact FXCM's performance. Therefore, we do not consolidate FXCM and we account for our equity interest under the equity method as an investment in an associated company. FXCM reported total assets of $407.1 million in its latest financial statements. Our maximum exposure to loss as a result of our involvement with FXCM is limited to the total of the carrying value of the term loan ($50.3 million) and the investment in associated company ($49.1 million) at February 28, 2022. FXCM is not included in the above table containing information about our variable interests in nonconsolidated VIEs.

Note 8. Loans to and Investments in Associated Companies

A summary of Loans to and investments in associated companies accounted for under the equity method of accounting during the three months ended February 28, 2022 and 2021 is as follows (in thousands):

	Loans to and investments in associated companies as of beginning of period	Income (losses) related to associated companies	Other income (losses) related to associated companies (1)	Contributions to (distributions from) associated companies, net	Other	Loans to and investments in associated companies as of end of period
2022						
Jefferies Finance	$ 776,162	$ —	$ 19,011	$ 15,188	$ —	$ 810,361
Berkadia	373,417		38,900	230	(237)	412,310
FXCM (2)	48,986	(9,547)		10,000	(368)	49,071
Linkem	133,778	(22,971)	—	—	—	110,807
Asset Management companies (3)	183,076	—	131	(178)	—	183,029
Real estate companies	122,720	2,000	—	10,263	—	134,983
Other (3) (4)	107,651	533	(24)	(2,866)	(2,458)	102,836
Total	$ 1,745,790	$ (29,985)	$ 58,018	$ 32,637	$ (3,063)	$ 1,803,397
2021						
Jefferies Finance	$ 693,201	$ —	$ 27,585	$ (40,542)	$ —	$ 680,244
Berkadia	301,152	—	30,018	(316)	(61)	330,793
FXCM (2)	73,920	(5,462)	—	—	327	68,785
Linkem	198,991	(9,107)	—	(8,783)	—	181,101
Asset Management companies (3)	139,707	—	30,184	(11,434)	—	158,457
Real estate companies	168,678	6,051	—	(10,954)	—	163,775
Other (3)	110,914	(2,050)	119	(3,090)	—	105,893
Total	$ 1,686,563	$ (10,568)	$ 87,906	$ (75,119)	$ 266	$ 1,689,048

(1) Primarily related to Jefferies Group and classified in Other revenues.
(2) As further described in Note 3, our investment in FXCM includes both our equity method investment in FXCM and our term loan with FXCM. Our equity method investment is included in Loans to and investments in associated companies and our term loan is included in Financial instruments owned, at fair value in the Consolidated Statements of Financial Condition.
(3) Certain prior year amounts have been reclassified to conform to the current year presentation.
(4) Loans to and investments in associated companies at February 28, 2022 and November 30, 2021 include loans and debt securities aggregating $15.2 million and $15.3 million, respectively.

Income (losses) related to associated companies includes the following (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
FXCM	$ (9,547)	$ (5,462)
Linkem	(22,971)	(9,107)
Real estate companies	2,000	6,051
Other	533	(2,050)
Total	$ (29,985)	$ (10,568)

Other income (losses) related to associated companies (primarily related to Jefferies Group and classified in Other revenues) includes the following (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Jefferies Finance	$ 19,011	$ 27,585
Berkadia	38,900	30,018
Asset Management companies (1)	131	30,184
Other (1)	(24)	119
Total	$ 58,018	$ 87,906

(1) Certain prior year amounts have been reclassified to conform to the current year presentation.

Jefferies Finance

Through Jefferies Group, we own a 50% equity interest in JFIN Parent LLC ("Jefferies Finance") and Jefferies Finance LLC is a direct subsidiary of JFIN Parent LLC. Jefferies Finance is a joint venture entity pursuant to an agreement with Massachusetts Mutual Life Insurance Company ("MassMutual"). Jefferies Finance is a commercial finance company that structures, underwrites and syndicates primarily senior secured loans to corporate borrowers; and manages proprietary and third-party investments for both broadly syndicated and direct lending loans. Jefferies Finance conducts its operations primarily through two business lines, Leveraged Finance Arrangement and Portfolio and Asset Management. Loans are originated primarily through Jefferies Group's investment banking efforts and Jefferies Finance typically syndicates to third-party investors substantially all of its arranged volume through Jefferies Group. The Portfolio and Asset Management business lines, collectively referred to as Jefferies Credit Partners, manages a broad portfolio of assets under management comprised of portions of loans it has arranged, as well as loan positions that it has purchased in the primary and secondary markets. Jefferies Credit Partners is comprised of three registered Investment Advisors: Jefferies Finance, Apex Credit Partners LLC and JFIN Asset Management LLC, which serve as a private credit platform managing proprietary and third-party capital across comingled funds, separately managed accounts and collateralized loan obligations.

At February 28, 2022, Jefferies Group and MassMutual each had equity commitments to Jefferies Finance of $750.0 million. The equity commitment is reduced quarterly based on Jefferies Group's share of any undistributed earnings from Jefferies Finance and the commitment is increased only to the extent the share of such earnings are distributed. At February 28, 2022, Jefferies Group's remaining commitment to Jefferies Finance was $15.4 million. The investment commitment is scheduled to expire on March 1, 2023 with automatic one year extensions absent a 60 day termination notice by either party.

Jefferies Finance has executed a Secured Revolving Credit Facility with Jefferies Group and MassMutual, to be funded equally, to support loan underwritings by Jefferies Finance, which bears interest based on the interest rates of the related Jefferies Finance underwritten loans and is secured by the underlying loans funded by the proceeds of the facility. The total Secured Revolving Credit Facility is a committed amount of $500.0 million at February 28, 2022. Advances are shared equally between Jefferies Group and MassMutual. The facility is scheduled to mature on March 1, 2023 with automatic one year extensions absent a 60 day termination notice by either party. At February 28, 2022, Jefferies Group had funded $0.0 million of its $250.0 million commitment. Jefferies Group recognized interest income and unfunded commitment fees related to the facility of $0.4 million and $0.6 million during the three months ended February 28, 2022 and 2021, respectively.

The following summarizes activity related to our other transactions with Jefferies Finance (in millions):

	For the Three Months Ended February 28,	
	2022	2021
Origination and syndication fee revenues (1)	$ 114.9	$ 70.3
Origination fee expenses (1)	15.9	12.3
CLO placement fee revenues (2)	0.7	2.4
Underwriting fees (3)	—	0.5
Service fees (4)	50.0	31.5

(1) Jefferies Group engages in the origination and syndication of loans underwritten by Jefferies Finance. In connection with such services, Jefferies Group earned fees, which are recognized in Investment banking revenues in the Consolidated Statements of Operations. In addition, Jefferies Group paid fees to Jefferies Finance in respect of certain loans originated by Jefferies Finance, which are recognized in Selling, general and other expenses in the Consolidated Statements of Operations.
(2) Jefferies Group acts as a placement agent for CLOs managed by Jefferies Finance, for which Jefferies Group recognized fees, which are included in Investment banking revenues in the Consolidated Statements of Operations. At February 28, 2022 and November 30, 2021, Jefferies Group held securities issued by CLOs managed by Jefferies Finance, which are included in Financial instruments owned, at fair value.
(3) Jefferies Group acted as underwriter in connection with term loans issued by Jefferies Finance.
(4) Under a service agreement, Jefferies Group charges Jefferies Finance for services provided.

In connection with non-U.S. dollar loans originated by Jefferies Finance to borrowers who are investment banking clients of Jefferies Group, Jefferies Group has entered into an agreement to indemnify Jefferies Finance with respect to any foreign currency exposure.

At February 28, 2022 and November 30, 2021, we had receivables from Jefferies Finance, included in Other assets in the Consolidated Statements of Financial Condition of $37.2 million and $26.2 million, respectively. At February 28, 2022 and November 30, 2021, we had payables to Jefferies Finance, related to cash deposited with Jefferies Group, included in Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition of $2.5 million and $8.5 million, respectively.

Berkadia

Berkadia is a commercial mortgage banking and servicing joint venture that was formed in 2009 with Berkshire Hathaway Inc. We and Berkshire Hathaway each contributed $217.2 million of equity capital to the joint venture and each have a 50% membership interest in Berkadia. We are entitled to receive 45% of the profits. Berkadia originates commercial/multifamily real estate loans that are sold to U.S. government agencies, or other investors. Berkadia also is an investment sales advisor focused on the multifamily industry. Berkadia is a servicer of commercial real estate loans in the U.S., performing primary, master and special servicing functions for U.S. government agency programs, commercial mortgage-backed securities transactions, banks, insurance companies and other financial institutions.

Berkadia uses all of the proceeds from the commercial paper sales of an affiliate of Berkadia to fund new mortgage loans, servicer advances, investments and other working capital requirements. Repayment of the commercial paper is supported by a $1.5 billion surety policy issued by a Berkshire Hathaway insurance subsidiary and corporate guaranty, and we have agreed to reimburse Berkshire Hathaway for one-half of any losses incurred thereunder. At February 28, 2022, the aggregate amount of commercial paper outstanding was $1.47 billion.

FXCM

We have a 50% voting interest in FXCM, a provider of online foreign exchange trading services. We account for our equity interest in FXCM on a one month lag. We are amortizing our basis difference between the estimated fair value and the underlying book value of FXCM customer relationships, technology and tradename over their respective useful lives (weighted average life of 11 years).

FXCM is considered a VIE and our term loan and equity interest are variable interests. We have determined that we are not the primary beneficiary of FXCM because we do not have the power to direct the activities that most significantly impact FXCM's performance. Therefore, we do not consolidate FXCM.

Linkem

We own approximately 42% of the common shares of Linkem, the largest fixed wireless broadband services provider in Italy. In addition, we own convertible preferred stock, which is automatically convertible to common shares in 2026, redeemable preferred stock with a redemption value of $107.3 million at February 28, 2022, and warrants. If all of our convertible preferred stock was converted and warrants were exercised, it would increase our ownership to approximately 57% of Linkem's common equity at February 28, 2022. We have approximately 48% of the total voting securities of Linkem. We account for our equity interest in Linkem on a two month lag.

Asset Management Companies

Through Jefferies Group, we have asset management equity method investments that consist of our shares in Monashee Holdings LLC ("Monashee") and Oak Hill Capital Management LLC, OHCP GenPar Holdco, LP, Oak Hill Capital Management Partners III, LP and Oak Hill Capital Partners IV (Management), LP (collectively the "Oak Hill entities"). Monashee, an investment management company, is a registered investment advisor and general partner of various investment management funds and provides us with a 50% voting rights interest and the rights to distributions of approximately 47.5% of the annual net profits of Monashee's operations if certain thresholds are met. The Asset Management companies investments also consist of membership interests and limited partnership interests of approximately 15% in the Oak Hill investment management company and registered investment advisor and the Oak Hill general partner entity, which is entitled to carried interest from certain Oak Hill managed funds. A portion of the carrying amount of these investments relates to contract and customer relationship and client relationship intangible assets and goodwill. The intangible assets are amortized over their useful life and the goodwill is not amortized.

Real Estate Companies

Real estate equity method investments primarily consist of HomeFed's interests in Brooklyn Renaissance Plaza and Hotel and 54 Madison. These equity interests are accounted for on a two month lag.

Brooklyn Renaissance Plaza is comprised of a hotel operated by Marriott, an office building complex and a parking garage located in Brooklyn, New York. HomeFed owns a 25.4% equity interest in the hotel and a 61.25% equity interest in the office building and garage. Although HomeFed has a majority interest in the office building and garage, it does not have control, but only has the ability to exercise significant influence on this investment. As such, HomeFed accounts for the office building and garage under the equity method of accounting. We are amortizing our basis difference between the estimated fair value and the underlying book value of Brooklyn Renaissance office building and garage over the respective useful lives (weighted average life of 39 years).

We own approximately 48.1% of 54 Madison, a fund that owns interests in three real estate projects and is in the process of being liquidated.

Note 9. Intangible Assets, Net and Goodwill

A summary of Intangible assets, net and goodwill is as follows (in thousands):

	February 28, 2022	November 30, 2021
Indefinite-lived intangibles:		
Exchange and clearing organization membership interests and registrations	$ 7,727	$ 7,732
Amortizable intangibles:		
Customer and other relationships, net of accumulated amortization of $130,192 and $128,012	40,726	42,808
Trademarks and tradenames, net of accumulated amortization of $33,207 and $32,244	95,712	96,509
Other, net of accumulated amortization of $11,867 and $11,329	4,815	5,353
Total intangible assets, net	148,980	152,402
Goodwill:		
Investment Banking and Capital Markets (1)	1,562,571	1,561,928
Asset Management	143,000	143,000
Real estate	36,711	36,711
Other operations	3,459	3,459
Total goodwill	1,745,741	1,745,098
Total intangible assets, net and goodwill	$ 1,894,721	$ 1,897,500

(1) The increase in Investment Banking and Capital Markets goodwill during the three months ended February 28, 2022, primarily relates to translation adjustments.

Amortization expense on intangible assets was $3.5 million and $3.6 million for the three months ended February 28, 2022 and 2021, respectively.

The estimated aggregate future amortization expense for the intangible assets for each of the next five fiscal years is as follows (in thousands):

Remainder of current year	$ 7,558
2023	9,900
2024	9,143
2025	8,633
2026	8,606

Note 10. Short-Term Borrowings

Our short-term borrowings, which mature in one year or less, are as follows (in thousands):

	February 28, 2022	November 30, 2021
Bank loans (1)	$ 461,053	$ 215,063
Floating rate puttable notes (1)	6,800	6,800
Total short-term borrowings	$ 467,853	$ 221,863

(1) These short-term borrowings are recorded at cost in the Consolidated Statements of Financial Condition, which is a reasonable approximation of their fair values due to their liquid and short-term nature.

At February 28, 2022 and November 30, 2021, the weighted average interest rate on short-term borrowings outstanding was 1.52% and 1.41% per annum, respectively.

At February 28, 2022 and November 30, 2021, Jefferies Group's borrowings under credit facilities classified within bank loans in Short-term borrowings in the Consolidated Statements of Financial Condition were $400.0 million and $200.0 million, respectively. Jefferies Group's borrowings include credit facilities that contain certain covenants that, among other things, require it to maintain a specified level of tangible net worth, require a minimum regulatory net capital requirement for its U.S. broker-dealer, Jefferies LLC, and impose certain restrictions on the future indebtedness of certain of its subsidiaries that are borrowers. Interest is based on rates at spreads over the federal funds rate or other adjusted rates, as defined in the various credit agreements, or at a rate as agreed between the bank and Jefferies Group in reference to the bank's cost of funding. At February 28, 2022, Jefferies Group was in compliance with all covenants under these credit facilities.

Note 11. Long-Term Debt

Principal amounts included in the table below are shown net of unamortized discounts, premiums and debt issuance costs (dollars in thousands).

	February 28, 2022	November 30, 2021
Parent Company Debt:		
Senior Notes:		
5.50% Senior Notes due October 18, 2023, $441,748 principal	$ 440,330	$ 440,120
6.625% Senior Notes due October 23, 2043, $250,000 principal	246,904	246,888
Total long-term debt – Parent Company	687,234	687,008
Subsidiary Debt (non-recourse to Parent Company):		
Jefferies Group Unsecured Long-term Debt:		
1.00% Euro Medium Term Notes, due July 19, 2024, $560,975 and $566,150 principal	559,925	564,985
4.85% Senior Notes, due January 15, 2027, $750,000 principal (1)	757,872	775,550
6.45% Senior Debentures, due June 8, 2027, $350,000 principal	365,909	366,556
4.15% Senior Notes, due January 23, 2030, $1,000,000 principal	990,769	990,525
2.625% Senior Notes due October 15, 2031, $1,000,000 principal	970,927	988,059
2.75% Senior Notes, due October 15, 2032, $500,000 principal (1)	445,542	460,724
6.25% Senior Debentures, due January 15, 2036, $495,000 principal	505,151	505,267
6.50% Senior Notes, due January 20, 2043, $391,000 principal	409,815	409,926
Floating Rate Senior Notes, due October 29, 2071	61,706	61,703
Jefferies Group Unsecured Revolving Credit Facility	349,105	348,951
Structured Notes (2)	1,762,163	1,843,598
Jefferies Group Secured Long-term Debt:		
Jefferies Group Secured Credit Facilities (3)	609,091	706,608
Jefferies Group Secured Bank Loan	100,000	100,000
HomeFed EB-5 Program debt	207,471	203,132
HomeFed construction loans	45,716	45,581
Vitesse Energy Revolving Credit Facility	67,636	67,572
Total long-term debt – subsidiaries	8,208,798	8,438,737
Long-term debt	$ 8,896,032	$ 9,125,745

(1) Amounts include net gains of $50.5 million and $46.8 million during the three months ended February 28, 2022 and 2021, respectively, associated with interest rate swaps based on designation as fair value hedges. See Note 4 for further information.

(2) These structured notes contain various interest rate payment terms and are accounted for at fair value, with changes in fair value resulting from a change in the instrument-specific credit risk presented in Accumulated other comprehensive income (loss) and changes in fair value resulting from non-credit components recognized in Principal transactions revenues. Gains and losses in the fair value of structured notes resulting from non-credit components are recognized within Other operating activities in the Consolidated Statements of Cash Flow.

(3) Amounts include $82.6 million at November 30, 2021 related to Foursight credit facilities. In the first quarter of 2022, Foursight was transferred to Jefferies Group.

***Subsidiary Debt*:**

During the three months ended February 28, 2022, structured notes with a total principal amount of approximately $71.2 million, net of retirements, were issued by Jefferies Group.

At February 28, 2022 and November 30, 2021, borrowings under several of Jefferies Group's credit facilities classified within Long-term debt amounted to $958.2 million and $972.9 million, respectively. Interest on these credit facilities is based on adjusted LIBOR rates or other adjusted rates, as defined in the various credit agreements. The credit facility agreements contain certain covenants that, among other things, require Jefferies Group to maintain specified levels of tangible net worth and liquidity amounts, and impose certain restrictions on future indebtedness of and require specified levels of regulated capital and cash reserves for certain of its subsidiaries. At February 28, 2022, Jefferies Group was in compliance with all covenants under theses credit facilities.

In addition, one of Jefferies Group's subsidiaries has a Loan and Security Agreement with a bank for a term loan ("Jefferies Group Secured Bank Loan"). At both February 28, 2022 and November 30, 2021, borrowings under the Jefferies Group Secured Bank Loan amounted to $100.0 million and are also classified within Long-term debt. The Jefferies Group Secured Bank Loan matures on September 13, 2024 and is collateralized by certain trading securities with an interest rate of 1.25% plus LIBOR. The agreement contains certain covenants that, among other things, restricts lien or encumbrance upon any of the pledged collateral. At February 28, 2022, Jefferies Group was in compliance with all covenants under the Jefferies Group Secured Bank Loan.

HomeFed funds certain of its real estate projects in part by raising funds under the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services pursuant to the Immigration and Nationality Act ("EB-5 Program"). This program was created to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. This debt is secured by certain real estate of HomeFed. At February 28, 2022, HomeFed was in compliance with all debt covenants which include, among other requirements, limitations on incurrence of debt, collateral requirements and restricted use of proceeds. Primarily all of HomeFed's EB-5 Program debt matures in 2024 and 2025.

At February 28, 2022, HomeFed has construction loans with an aggregate committed amount of $148.6 million. The proceeds are being used for construction at certain of its real estate projects. The outstanding principal amount of the loans bear interest based on spreads of 2.15% to 3.15%, over the 30-day LIBOR, subject to adjustment on the first of each calendar month. At February 28, 2022, the weighted average interest rate on these loans was 3.39%. The loans mature between September 2022 and May 2024 and are collateralized by the property underlying the related project with a guarantee by HomeFed. At February 28, 2022 and November 30, 2021, $46.8 million and $46.8 million, respectively, was outstanding under the construction loan agreements.

Vitesse Energy has a revolving credit facility with a syndicate of banks that matures in April 2023 and has a maximum borrowing base of $140.0 million at February 28, 2022. Amounts outstanding under the facility at February 28, 2022 and November 30, 2021 were $68.0 million and $68.0 million, respectively. Borrowings under the facility have been made as Eurodollar loans that bear interest at adjusted LIBOR plus a spread ranging from 2.75% to 3.75% based on the borrowing base utilization percentage. The credit facility is guaranteed by Vitesse Energy's subsidiaries and is collateralized with a minimum of 85% of Vitesse Energy's proved reserve value of its oil and gas properties. Vitesse Energy's borrowing base is subject to regular re-determination on or about April 1 and October 1 of each year based on proved oil and gas reserves, hedge positions and estimated future cash flows from these reserves calculated using future commodity pricing provided by Vitesse Energy's lenders.

Note 12. Mezzanine Equity

Redeemable Noncontrolling Interests

At February 28, 2022 and November 30, 2021, redeemable noncontrolling interests include other redeemable noncontrolling interests of $14.0 million and $25.4 million, respectively, primarily related to our oil and gas exploration and development businesses.

Mandatorily Redeemable Convertible Preferred Shares

We have one series of callable mandatorily redeemable cumulative convertible preferred shares ("Preferred Shares"). Our 125,000 Preferred Shares are callable beginning January 2023 at a price of $1,000 per share, plus accrued interest and are mandatorily redeemable in 2038 for $125.0 million. The Preferred Shares have a dividend rate equal to the sum of 3.25% annual, cumulative cash dividend, plus an additional quarterly payment based on the amount by which our common stock dividends exceed $0.0625 per common share. The Preferred Shares are currently convertible into 4,440,863 common shares, an effective conversion price of $28.15 per share. Based on the quarterly dividend of $0.30 per common share, the effective rate on these Preferred Shares is approximately 6.6%.

Note 13. Compensation Plans

Restricted Stock and Restricted Stock Units. Restricted stock and restricted stock units ("RSUs") may be granted to new employees as "sign-on" awards, to existing employees as "retention" awards and to certain executive officers as incentive awards. Sign-on and retention awards are generally subject to annual ratable vesting over a multi-year service period and are amortized as compensation expense on a straight-line basis over the service period. Restricted stock and RSUs are granted to certain senior executives and may contain market, performance and/or service conditions. Market conditions are incorporated into the grant-date fair value of senior executive awards using a Monte Carlo valuation model. Compensation expense for awards with market conditions is recognized over the service period and is not reversed if the market conditions are not met. Awards with performance conditions are amortized over the service period if, and to the extent, it is determined to be probable that the performance condition will be achieved. If awards are forfeited due to failure to achieve performance conditions or failure to satisfy service conditions, any previously recognized expense for such awards is reversed.

Senior Executive Compensation Plan.

In December 2021, our senior executives were granted RSUs containing service conditions, including a special leadership continuity grant, as well as RSUs that contain both service and performance conditions. For the three months ended February 28, 2022, we recorded $5.2 million of stock-based compensation related to these awards.

In December 2020, our senior executives were granted nonqualified stock options and stock appreciation rights ("SARs"). The total initial fair value of the stock options and SARs were recorded as expense at the time of the grant, as both awards have no future service requirements. For the three months ended February 28, 2021, we recorded $46.4 million of total Compensation and benefits expense relating to the stock options and SARs, of which $12.9 million was stock-based compensation and $33.5 million related to the SAR awards.

Share-Based Compensation Expense. Share-based compensation expense relating to grants made under our share-based compensation plans was $9.7 million and $20.7 million (including $12.9 million related to the senior executive stock option award, as discussed above) for the three months ended February 28, 2022 and 2021, respectively. Total compensation cost includes the amortization of sign-on, retention and senior executive awards, less forfeitures and clawbacks. At February 28, 2022, total unrecognized compensation cost related to nonvested share-based compensation plans was $113.1 million; this cost is expected to be recognized over a weighted average period of 3.7 years.

At February 28, 2022, there were 1,545,000 shares of restricted stock outstanding with future service required, 4,173,000 RSUs outstanding with future service required (including target RSUs that may be issued under the senior executive compensation plan), 12,293,000 RSUs outstanding with no future service required, 5,063,000 stock options outstanding and 1,088,000 shares issuable under other plans. Additionally, the Preferred Shares are currently convertible into 4,440,863 common shares at an effective conversion price of $28.15 per share. The maximum potential increase to common shares outstanding resulting from these outstanding awards and the Preferred Shares is 27,058,000 at February 28, 2022.

Restricted Cash Awards. Jefferies Group provides compensation to certain new and existing employees in the form of loans and/or other cash awards that are subject to ratable vesting terms with service requirements. These awards are amortized as compensation expense over the relevant service period, which is generally considered to start at the beginning of the annual compensation year. At February 28, 2022, the remaining unamortized amount of the restricted cash awards was $298.1 million and is included within Other assets in the Consolidated Statement of Financial Condition; this cost is expected to be recognized over a weighted average period of 3 years.

Note 14. Accumulated Other Comprehensive Income (Loss)

Activity in accumulated other comprehensive income (loss) is reflected in the Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Changes in Equity but not in the Consolidated Statements of Operations. A summary of accumulated other comprehensive income (loss), net of taxes is as follows (in thousands):

	February 28, 2022	November 30, 2021
Net unrealized gains on available for sale securities	$ 96	$ 269
Net unrealized foreign exchange losses	(166,515)	(166,499)
Net unrealized losses on instrument-specific credit risk	(112,238)	(153,672)
Net minimum pension liability	(51,651)	(52,241)
Total accumulated other comprehensive income (loss)	$ (330,308)	$ (372,143)

Amounts reclassified out of accumulated other comprehensive income (loss) to net income are as follows (in thousands):

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Operations
	For the Three Months Ended February 28,		
	2022	2021	
Net unrealized gains (losses) on instrument- specific credit risk, net of income tax provision (benefit) of $(7) and $71	$ (22)	$ 222	Principal transactions revenues
Amortization of defined benefit pension plan actuarial losses, net of income tax benefit of $(208) and $(261)	(590)	(786)	Selling, general and other expenses, which includes pension expense
Total reclassifications for the period, net of tax	$ (612)	$ (564)	

Note 15. Revenues from Contracts with Customers

The following table presents our total revenues separated for our revenues from contracts with customers and our other sources of revenues (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Revenues from contracts with customers:		
Commissions and other fees	$ 229,316	$ 236,769
Investment banking	945,048	1,003,612
Other	232,678	192,262
Total revenues from contracts with customers	1,407,042	1,432,643
Other sources of revenue:		
Principal transactions	249,155	919,901
Interest income	213,981	240,497
Other	72,622	110,547
Total revenues from other sources	535,758	1,270,945
Total revenues	$ 1,942,800	$ 2,703,588

Revenues from contracts with customers are recognized when, or as, we satisfy our performance obligations by transferring the promised goods or services to the customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring our progress in satisfying the performance obligation in a manner that depicts the transfer of the goods or services to the customer. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that we determine the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for those promised goods or services (the "transaction price"). In determining the transaction price, we consider multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, we consider the range of possible outcomes, the predictive value of our past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of our influence, such as market volatility or the judgment and actions of third-parties.

The following provides detailed information on the recognition of our revenues from contracts with customers:

Commissions and Other Fees. We earn commission and other fee revenue by executing, settling and clearing transactions for clients primarily in equity, equity-related and futures products. Trade execution and clearing services, when provided together, represent a single performance obligation as the services are not separately identifiable in the context of the contract. Commission revenues associated with combined trade execution and clearing services, as well as trade execution services on a standalone basis, are recognized at a point in time on trade-date. Commission revenues are generally paid on settlement date and we record a receivable between trade-date and payment on settlement date. We permit institutional customers to allocate a portion of their gross commissions to pay for research products and other services provided by third-parties. The amounts allocated for those purposes are commonly referred to as soft dollar arrangements. We act as an agent in the soft dollar arrangements as the customer controls the use of the soft dollars and directs our payments to third-party service providers on its behalf. Accordingly, amounts allocated to soft dollar arrangements are netted against commission revenues in the Consolidated Statements of Operations. We also earn investment research fees for the sales of our proprietary investment research when a contract with a client has been identified. The delivery of investment research services represents a distinct performance obligation that is satisfied over time when the performance obligation is to provide ongoing access to a research platform or research analysts, with fees recognized on a straight-line basis over the period in which the performance obligation is satisfied. The performance obligation is satisfied at a point in time when the performance obligation is to provide individual interactions with research analysts or research events, with fees recognized on the interaction date.

We earn account advisory and distribution fees in connection with wealth management services. Account advisory fees are recognized over time using the time-elapsed method as we determined that the customer simultaneously receives and consumes the benefits of investment advisory services as they are provided. Account advisory fees may be paid in advance of a specified service period or in arrears at the end of the specified service period (e.g., quarterly). Account advisory fees paid in advance are initially deferred within Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition. Distribution fees are variable and recognized when the uncertainties with respect to the amounts are resolved.

Investment Banking. We provide our clients with a full range of financial advisory and underwriting services. Revenues from financial advisory services primarily consist of fees generated in connection with merger, acquisition and restructuring transactions. Advisory fees from mergers and acquisitions engagements are recognized at a point in time when the related transaction is completed, as the performance obligation is to successfully broker a specific transaction. Fees received prior to the completion of the transaction are deferred within Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition. Advisory fees from restructuring engagements are recognized over time using a time elapsed measure of progress as our clients simultaneously receive and consume the benefits of those services as they are provided. A significant portion of the fees we receive for our advisory services are considered variable as they are contingent upon a future event (e.g., completion of a transaction or third-party emergence from bankruptcy) and are excluded from the transaction price until the uncertainty associated with the variable consideration is subsequently resolved, which is expected to occur upon achievement of the specified milestone. Payment for advisory services are generally due promptly upon completion of a specified milestone or, for retainer fees, periodically over the course of the engagement. We recognize a receivable between the date of completion of the milestone and payment by the customer. Expenses associated with investment banking advisory engagements are deferred only to the extent they are explicitly reimbursable by the client and the related revenue is recognized at a point in time. All other investment banking advisory related expenses, including expenses incurred related to restructuring assignments, are expensed as incurred. All investment banking advisory expenses are recognized within their respective expense category in the Consolidated Statements of Operations and any expenses reimbursed by our clients are recognized as Investment banking revenues.

Underwriting services include underwriting and placement agent services in both the equity and debt capital markets, including private equity placements, initial public offerings, follow-on offerings and equity-linked securities transactions and structuring, underwriting and distributing public and private debt, including investment grade debt, high yield bonds, leveraged loans, municipal bonds and mortgage-backed and asset-backed securities. Underwriting and placement agent revenues are recognized at a point in time on trade-date, as the client obtains the control and benefit of the underwriting offering at that point. Costs associated with underwriting transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded, and are recorded on a gross basis within underwriting costs in the Consolidated Statements of Operations as we are acting as a principal in the arrangement. Any expenses reimbursed by our clients are recognized as Investment banking revenues.

Asset Management Fees. We earn management and performance fees, recorded in Other revenues, in connection with investment advisory services provided to various funds and accounts, which are satisfied over time and measured using a time elapsed measure of progress as the customer receives the benefits of the services evenly throughout the term of the contract. Management and performance fees are considered variable as they are subject to fluctuation (e.g., changes in assets under management, market performance) and/or are contingent on a future event during the measurement period (e.g., meeting a specified benchmark) and are recognized only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. Management fees are generally based on month-end assets under management or an agreed upon notional amount and are included in the transaction price at the end of each month when the assets under management or notional amount is known. Performance fees are received when the return on assets under management for a specified performance period exceed certain benchmark returns, "high-water marks" or other performance targets. The performance period related to our performance fees is annual or semi-annual. Accordingly, performance fee revenue will generally be recognized only at the end of the performance period to the extent that the benchmark return has been met.

Manufacturing Revenues. Idaho Timber's primary business consists of the sale of lumber that is manufactured or remanufactured at one of its locations. Agreements with customers for these sales specify the type, quantity and price of products to be delivered as well as the delivery date and payment terms. The transaction price is fixed at the time of sale and revenue is generally recognized when the customer takes control of the product. Manufacturing revenues are included in Other revenues.

Disaggregation of Revenue

The following presents our revenues from contracts with customers disaggregated by major business activity and primary geographic regions (in thousands):

	Reportable Segments (1)					
	Investment Banking and Capital Markets	Asset Management	Merchant Banking	Corporate	Reconciling Items - Consolidation Adjustments	Total
Three months ended February 28, 2022						
Major Business Activity:						
Investment Banking - Advisory	$ 543,769	$ —	$ —	$ —	$ —	$ 543,769
Investment Banking - Underwriting	401,279	—	—	—	—	401,279
Equities (2)	226,068	—	—	—	(137)	225,931
Fixed Income (2)	3,385	—	—	—	—	3,385
Asset Management	—	12,569	—	—	—	12,569
Manufacturing revenues	—	—	141,108	—	—	141,108
Oil and gas revenues	—	—	57,919	—	—	57,919
Other revenues	—	—	21,082	—	—	21,082
Total revenues from contracts with customers	$ 1,174,501	$ 12,569	$ 220,109	$ —	$ (137)	$ 1,407,042
Primary Geographic Region:						
Americas	$ 937,070	$ 12,569	$ 219,229	$ —	$ (137)	$ 1,168,731
Europe	166,172	—	558	—	—	166,730
Asia Pacific	71,259	—	322	—	—	71,581
Total revenues from contracts with customers	$ 1,174,501	$ 12,569	$ 220,109	$ —	$ (137)	$ 1,407,042
Three months ended February 28, 2021						
Major Business Activity:						
Investment Banking - Advisory	$ 311,439	$ —	$ —	$ —	$ —	$ 311,439
Investment Banking - Underwriting	692,173	—	—	—	—	692,173
Equities (2)	233,539	—	—	—	(169)	233,370
Fixed Income (2)	3,399	—	—	—	—	3,399
Asset Management	—	7,426	—	—	—	7,426
Manufacturing revenues	—	—	137,847	—	—	137,847
Oil and gas revenues	—	—	32,009	—	—	32,009
Other revenues	—	—	14,980	—	—	14,980
Total revenues from contracts with customers	$ 1,240,550	$ 7,426	$ 184,836	$ —	$ (169)	$ 1,432,643
Primary Geographic Region:						
Americas	$ 1,026,866	$ 7,097	$ 184,338	$ —	$ (169)	$ 1,218,132
Europe	163,737	329	369	—	—	164,435
Asia Pacific	49,947	—	129	—	—	50,076
Total revenues from contracts with customers	$ 1,240,550	$ 7,426	$ 184,836	$ —	$ (169)	$ 1,432,643

(1) In the first quarter of 2022, we transferred certain Merchant Banking net assets to our Investment Banking and Capital Markets and Asset Management segments. Prior year amounts have been reclassified to conform to current segment reporting.

(2) Revenues from contracts with customers associated with the equities and fixed income businesses primarily represent commissions and other fee revenue.

Information on Remaining Performance Obligations and Revenue Recognized from Past Performance

We do not disclose information about remaining performance obligations pertaining to contracts that have an original expected duration of one year or less. The transaction price allocated to remaining unsatisfied or partially unsatisfied performance obligations with an original expected duration exceeding one year was not material at February 28, 2022. Investment banking advisory fees that are contingent upon completion of a specific milestone and fees associated with certain distribution services are also excluded as the fees are considered variable and not included in the transaction price at February 28, 2022.

We recognized $35.0 million and $33.6 million during the three months ended February 28, 2022 and 2021, respectively, of revenues related to performance obligations satisfied (or partially satisfied) in previous periods, mainly due to resolving uncertainties in variable consideration that was constrained in prior periods. In addition, we recognized $3.5 million and $2.9 million during the three months ended February 28, 2022 and 2021, respectively, of revenues primarily associated with distribution services, a portion of which relates to prior periods.

Contract Balances

The timing of our revenue recognition may differ from the timing of payment by customers. We record a receivable when revenue is recognized prior to payment and we have an unconditional right to payment, and we record a contract asset when we have transferred goods, services or assets to a customer, but payment is contingent upon additional performance obligations. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied.

We had receivables related to revenues from contracts with customers of $290.8 million and $298.7 million at February 28, 2022 and November 30, 2021, respectively, and we had contract assets related to revenues from contracts with customers of $21.0 million and $25.2 million at February 28, 2022 and November 30, 2021, respectively. We had no significant impairments related to these receivables or contract assets during the three months ended February 28, 2022 and 2021.

Our deferred revenue primarily includes deferred revenue related to our real estate operations and retainer and milestone fees received in investment banking advisory engagements where the performance obligations have not yet been satisfied. Deferred revenues were $30.5 million and $49.7 million at February 28, 2022 and November 30, 2021, respectively, which are recorded in Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition. During the three months ended February 28, 2022, we recognized $18.0 million of deferred revenue from the balance at November 30, 2021. During the three months ended February 28, 2021, we recognized $6.9 million of deferred revenue from the balance at November 30, 2020.

Contract Costs

We capitalize costs to fulfill contracts associated with investment banking advisory engagements where the revenue is recognized at a point in time and the costs are determined to be recoverable. Capitalized costs to fulfill a contract are recognized at the point in time that the related revenue is recognized.

At February 28, 2022 and November 30, 2021, capitalized costs to fulfill a contract were $1.1 million and $1.6 million, respectively, which are recorded in Receivables in the Consolidated Statements of Financial Condition. We recognized expenses of $1.0 million and $1.2 million during the three months ended February 28, 2022 and 2021, respectively, related to costs to fulfill a contract that were capitalized as of the beginning of the period. There were no significant impairment charges recognized in relation to these capitalized costs during the three months ended February 28, 2022 and 2021.

Note 16. Income Taxes

The aggregate amount of gross unrecognized tax benefits related to uncertain tax positions was $446.9 million (including $101.0 million for interest) at February 28, 2022, of which $287.1 million related to Jefferies Group, and was $436.9 million (including $97.9 million for interest) at November 30, 2021, of which $273.2 million related to Jefferies Group. If recognized, such amounts would lower our effective tax rate. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

The net deferred tax asset was $382.7 million and $327.5 million at February 28, 2022 and November 30, 2021, respectively. The deferred tax asset is predominately attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, the largest component of which relates to compensation and benefits. The deferred tax asset is included in Other assets in the Consolidated Statements of Financial Condition.

We are currently under examination by a number of taxing jurisdictions. Though we do not expect that resolution of these examinations will have a material effect on our consolidated financial position, they may have a material impact on our consolidated results of operations for the period in which resolution occurs.

The table below summarizes the earliest tax years that remain subject to examination in the major tax jurisdictions in which we operate:

Jurisdiction	Tax Year
United States	2018
New York State	2001
New York City	2006
United Kingdom	2020
Hong Kong	2015
Germany	2017

Our provision for income taxes for the three months ended February 28, 2022 was $64.4 million, representing an effective tax rate of 16.4%. The provision for income taxes for the three months ended February 28, 2022 includes the recognition of an excess tax benefit relating to the conversion of RSUs to common shares. Our provision for income taxes for the three months ended February 28, 2021 was $218.2 million, representing an effective tax rate of 27.3%.

Note 17. Common Share and Earnings Per Common Share

Basic and diluted earnings per share amounts were calculated by dividing net income by the weighted average number of common shares outstanding. The numerators and denominators used to calculate basic and diluted earnings per share are as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Numerator for earnings per share:		
Net income attributable to Jefferies Financial Group Inc. common shareholders	$ 327,447	$ 582,435
Allocation of earnings to participating securities (1)	(1,976)	(3,216)
Net income attributable to Jefferies Financial Group Inc. common shareholders for basic earnings per share	325,471	579,219
Adjustment to allocation of earnings to participating securities related to diluted shares (1)	39	42
Mandatorily redeemable convertible preferred share dividends	2,070	1,626
Net income attributable to Jefferies Financial Group Inc. common shareholders for diluted earnings per share	$ 327,580	$ 580,887
Denominator for earnings per share:		
Weighted average common shares outstanding	241,963	249,352
Weighted average shares of restricted stock outstanding with future service required	(1,557)	(1,461)
Weighted average RSUs outstanding with no future service required	17,146	18,495
Denominator for basic earnings per share – weighted average shares	257,552	266,386
Stock options and other share based awards	1,892	208
Senior executive compensation plan awards	2,686	1,846
Mandatorily redeemable convertible preferred shares	4,441	4,441
Denominator for diluted earnings per share	266,571	272,881

(1) Represents dividends declared during the period on participating securities plus an allocation of undistributed earnings to participating securities. Net losses are not allocated to participating securities. Participating securities represent restricted stock and RSUs for which requisite service has not yet been rendered and amounted to weighted average shares of 1,571,000 and 1,482,000 for the three months ended February 28, 2022 and 2021, respectively. Dividends declared on

participating securities were not material during the three months ended February 28, 2022 and 2021. Undistributed earnings are allocated to participating securities based upon their right to share in earnings if all earnings for the period had been distributed.

Our Board of Directors from time to time has authorized the repurchase of our common shares. In January 2022, the Board of Directors increased the share repurchase authorization by $87.5 million. During the first quarter of 2022, we purchased a total of 10,038,189 of our common shares for $364.2 million, or an average price of $36.28 per share, including 6,848,095 of our common shares in the open market for $250.0 million under our current Board of Director authorization, and 3,190,094 shares of our common stock for $114.2 million in connection with net-share settlements under our equity compensation plan. At February 28, 2022, we had no remaining authorization of future repurchases. In March 2022, the Board of Directors increased the share repurchase authorization back up to $250.0 million.

Note 18. Commitments, Contingencies and Guarantees

Commitments

The following table summarizes commitments associated with certain business activities at February 28, 2022 (in millions):

	Expected Maturity Date (Fiscal Years)					
	2022	2023	2024 and 2025	2026 and 2027	2028 and Later	Maximum Payout
Equity commitments (1)	$ 93.8	$ 27.3	$ 2.7	$ 5.2	$ 35.2	$ 164.2
Loan commitments (1)	—	275.3	—	60.0	—	335.3
Underwriting commitments	116.9	—	—	—	—	116.9
Forward starting reverse repos (2)	9,616.7	—	—	—	—	9,616.7
Forward starting repos (2)	6,215.0	—	—	—	—	6,215.0
Other unfunded commitments (1)	25.0	477.0	5.4	—	—	507.4
Total	$ 16,067.4	$ 779.6	$ 8.1	$ 65.2	$ 35.2	$ 16,955.5

(1) Equity commitments, loan commitments and other unfunded commitments are generally presented by contractual maturity date. The amounts are however mostly available on demand.
(2) At February 28, 2022, $9.58 billion within forward starting securities purchased under agreements to resell and all of the forward starting securities sold under agreements to repurchase settled within three business days.

Equity Commitments. Equity commitments include a commitment to invest in Jefferies Group's joint venture, Jefferies Finance, and commitments to invest in private equity funds and in Jefferies Capital Partners, LLC, the manager of the private equity funds, which consists of a team led by our President and a Director. At February 28, 2022, Jefferies Group's outstanding commitments relating to Jefferies Capital Partners, LLC and its private equity funds were $10.7 million.

See Note 8 for additional information regarding Jefferies Group's investment in Jefferies Finance.

Additionally, at February 28, 2022, we had other outstanding equity commitments to invest up to $71.8 million in the Oak Hill entities and $66.3 million in various other investments.

Loan Commitments. From time to time we make commitments to extend credit to investment banking and other clients in loan syndication and acquisition finance, and to strategic affiliates. These commitments and any related drawdowns of these facilities typically have fixed maturity dates and are contingent on certain representations, warranties and contractual conditions applicable to the borrower. At February 28, 2022, we had $85.3 million of outstanding loan commitments to clients.

Loan commitments outstanding at February 28, 2022 also include Jefferies Group's portion of the outstanding secured revolving credit facility provided to Jefferies Finance to support loan underwritings by Jefferies Finance. At February 28, 2022, $0.0 million of Jefferies Group's $250.0 million commitment was funded.

Underwriting Commitments. In connection with investment banking activities, we may from time to time provide underwriting commitments to our clients in connection with capital raising transactions.

Forward Starting Reverse Repos and Repos. We enter into commitments to take possession of securities with agreements to resell on a forward starting basis and to sell securities with agreements to repurchase on a forward starting basis that are primarily secured by U.S. government and agency securities.

Other Unfunded Commitments. Other unfunded commitments include obligations in the form of revolving notes, warehouse financings and debt securities to provide financing to asset-backed and CLO vehicles. Upon advancing funds, drawn amounts are collateralized by the assets of an entity.

Contingencies

We and our subsidiaries are parties to legal and regulatory proceedings that are considered to be either ordinary, routine litigation incidental to their business or not significant to our consolidated financial position. We and our subsidiaries are also involved, from time to time, in other exams, investigations and similar reviews (both formal and informal) by governmental and self-regulatory agencies regarding our businesses, certain of which may result in judgments, settlements, fines, penalties or other injunctions. We do not believe that any of these actions will have a significant adverse effect on our consolidated financial position or liquidity, but any amounts paid could be significant to results of operations for the period.

Guarantees

Derivative Contracts. Our dealer activities cause us to make markets and trade in a variety of derivative instruments. Certain derivative contracts that we have entered into meet the accounting definition of a guarantee under GAAP, including credit default swaps, written foreign currency options and written equity put options. On certain of these contracts, such as written interest rate caps and foreign currency options, the maximum payout cannot be quantified since the increase in interest or foreign exchange rates are not contractually limited by the terms of the contract. As such, we have disclosed notional values as a measure of our maximum potential payout under these contracts.

The following table summarizes the notional amounts associated with our derivative contracts meeting the definition of a guarantee under GAAP as of February 28, 2022 (in millions):

	Expected Maturity Date (Fiscal Years)					
Guarantee Type	**2022**	**2023**	**2024 and 2025**	**2026 and 2027**	**2028 and Later**	**Notional/ Maximum Payout**
Derivative contracts – non-credit related	$ 13,370.4	$ 8,083.3	$ 6,874.9	$ 1,621.7	$ —	$ 29,950.3
Written derivative contracts – credit related	—	—	0.2	—	—	0.2
Total derivative contracts	$ 13,370.4	$ 8,083.3	$ 6,875.1	$ 1,621.7	$ —	$ 29,950.5

The derivative contracts deemed to meet the definition of a guarantee under GAAP are before consideration of hedging transactions and only reflect a partial or "one-sided" component of any risk exposure. Written equity options and written credit default swaps are often executed in a strategy that is in tandem with long cash instruments (e.g., equity and debt securities). We substantially mitigate our exposure to market risk on these contracts through hedges, such as other derivative contracts and/or cash instruments, and we manage the risk associated with these contracts in the context of our overall risk management framework. We believe notional amounts overstate our expected payout and that fair value of these contracts is a more relevant measure of our obligations. At February 28, 2022, the fair value of derivative contracts meeting the definition of a guarantee is approximately $398.1 million.

Berkadia. We have agreed to reimburse Berkshire Hathaway for up to one-half of any losses incurred under a $1.5 billion surety policy securing outstanding commercial paper issued by an affiliate of Berkadia. At February 28, 2022, the aggregate amount of commercial paper outstanding was $1.47 billion.

HomeFed. For real estate development projects, HomeFed is generally required to obtain infrastructure improvement bonds at the beginning of construction work and warranty bonds upon completion of such improvements. These bonds are issued by surety companies to guarantee satisfactory completion of a project and provide funds primarily to a municipality in the event HomeFed is unable or unwilling to complete certain infrastructure improvements. As HomeFed develops the planned area and the municipality accepts the improvements, the bonds are released. Should the respective municipality or others draw on the

bonds for any reason, certain of HomeFed's subsidiaries would be obligated to pay. At February 28, 2022, the aggregate amount of infrastructure improvement bonds outstanding was $75.7 million.

Other Guarantees. We are members of various exchanges and clearing houses. In the normal course of business, we provide guarantees to securities clearing houses and exchanges. These guarantees generally are required under the standard membership agreements, such that members are required to guarantee the performance of other members. Additionally, if a member becomes unable to satisfy its obligations to the clearing house, other members would be required to meet these shortfalls. To mitigate these performance risks, the exchanges and clearing houses often require members to post collateral. Our obligations under such guarantees could exceed the collateral amounts posted. Our maximum potential liability under these arrangements cannot be quantified; however, the potential for us to be required to make payments under such guarantees is deemed remote. Accordingly, no liability has been recognized for these arrangements. Additionally, we provide certain indemnifications in connection with third-party clearing and execution arrangements whereby a third-party may clear and settle transactions on behalf of our clients. These indemnifications generally have standard contractual terms and are entered into in the ordinary course of business. Our obligations in respect of such transactions are secured by the assets in our client's account, as well as any proceeds received from the transactions cleared and settled on behalf of our client. However, we believe that it is unlikely we would have to make any material payments under these arrangements and no material liabilities related to these indemnifications have been recognized.

Standby Letters of Credit. At February 28, 2022, we provided guarantees to certain counterparties in the form of standby letters of credit totaling $6.7 million. Standby letters of credit commit us to make payment to the beneficiary if the guaranteed party fails to fulfill its obligation under a contractual arrangement with that beneficiary. Since commitments associated with these collateral instruments may expire unused, the amount shown does not necessarily reflect the actual future cash funding requirement. Primarily all letters of credit expire within one year.

Note 19. Net Capital Requirements

Jefferies LLC operates as a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and a member firm of the Financial Industry Regulatory Authority ("FINRA"). Jefferies LLC is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital and has elected to calculate minimum capital requirements using the alternative method permitted by Rule 15c3-1 in calculating net capital. Jefferies LLC, as a dually-registered U.S. broker-dealer and futures commission merchant ("FCM"), is also subject to Rule 1.17 of the Commodity Futures Trading Commission ("CFTC"), which sets forth minimum financial requirements. The minimum net capital requirement in determining excess net capital for a dually-registered U.S. broker-dealer and FCM is equal to the greater of the requirement under Rule 15c3-1 or CFTC Rule 1.17. FINRA is the designated examining authority for Jefferies LLC and the National Futures Association ("NFA") is the designated self-regulatory organization for Jefferies LLC as an FCM.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") contains provisions that require the registration of all swap dealers, major swap participants, security-based swap dealers, and/or major security-based swap participants. Jefferies Financial Services, Inc. ("JFSI"), a registered swap dealer, is subject to the CFTC's regulatory capital requirements and holds regulatory capital in excess of the minimum regulatory requirement. Additionally, JFSI is registered as a security-based swap dealer with the SEC and is subject to the SEC's security-based swap dealer regulatory rules. Further, JFSI is approved by the SEC as an OTC derivatives dealer, and is subject to compliance with the SEC's net capital requirements. As a security-based swap dealer and swap dealer, JFSI is subject to the net capital requirements of the SEC, CFTC and the NFA, as a member of the NFA. JFSI is required to maintain minimum net capital, as defined under SEC Rule 18a-1 of not less than the greater of 2% of the risk margin amount, as defined, or $20 million.

Jefferies LLC's net capital and excess net capital at February 28, 2022 were $1.79 billion and $1.68 billion, respectively. JFSI's net capital and excess net capital at February 28, 2022 were $427.6 million and $407.6 million, respectively.

Certain other U.S. and non-U.S. subsidiaries of Jefferies Group are subject to capital adequacy requirements as prescribed by the regulatory authorities in their respective jurisdictions, including Jefferies International Limited, which is subject to the regulatory supervision and requirements of the Financial Conduct Authority in the United Kingdom.

The regulatory capital requirements referred to above may restrict our ability to withdraw capital from Jefferies Group's regulated subsidiaries. Some of our other consolidated subsidiaries also have credit agreements which may restrict the payment of cash dividends, or the ability to make loans or advances to the parent company.

Note 20. Other Fair Value Information

The carrying amounts and estimated fair values of our principal financial instruments that are not recognized at fair value on a recurring basis are as follows (in thousands):

	February 28, 2022		November 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Receivables:				
Notes and loans receivable (1)	$ 836,151	$ 868,717	$ 835,009	$ 866,163
Financial Liabilities:				
Short-term borrowings (2)	$ 467,853	$ 467,853	$ 221,863	$ 221,863
Long-term debt (3)	7,133,869	7,543,237	7,282,147	8,004,211

(1) Notes and loans receivable: The fair values are estimated principally based on a discounted future cash flows model using market interest rates for similar instruments. If measured at fair value in the financial statements, these financial instruments would be classified as Level 3 in the fair value hierarchy.
(2) Short-term borrowings: The fair values of short-term borrowings carried at cost are estimated to be the carrying amount due to their short maturities. If measured at fair value in the financial statements, these financial instruments would be classified as Level 3 in the fair value hierarchy.
(3) Long-term debt: The fair values are estimated using quoted prices, pricing information obtained from external data providers and, for certain variable rate debt, is estimated to be the carrying amount. If measured at fair value in the financial statements, these financial instruments would be classified as Level 2 and Level 3 in the fair value hierarchy.

Note 21. Related Party Transactions

Jefferies Capital Partners Related Funds. Jefferies Group has equity investments in the JCP Manager and in private equity funds (including JCP Fund V), which are managed by a team led by our President and a Director ("Private Equity Related Funds"). Reflected in the Consolidated Statements of Financial Condition at February 28, 2022 and November 30, 2021 are Jefferies Group's equity investments in Private Equity Related Funds of $26.2 million and $27.1 million, respectively. Net gains (losses) from Jefferies Group's investment in JCP Fund V aggregating $0.9 million and $(0.5) million for the three months ended February 28, 2022 and 2021, respectively, were recorded in Principal transactions revenues. Gains (losses) for other funds were not material. For further information regarding our commitments and funded amounts to the Private Equity Related Funds, see Notes 7 and 18.

Berkadia Commercial Mortgage, LLC. At February 28, 2022 and November 30, 2021, Jefferies Group has commitments to purchase $431.0 million and $425.6 million, respectively, in agency commercial mortgage-backed securities from Berkadia.

Asset Management Investments. Through Jefferies Group, we have entered into an investment management agreement whereby Monashee provides asset management services to us for certain separately managed accounts. Our net investment balance in the separately managed accounts was $8.0 million and $13.6 million at February 28, 2022 and November 30, 2021, respectively.

We own limited partnership interests in certain Oak Hill managed funds of $4.1 million and $6.0 million at February 28, 2022 and November 30, 2021, respectively, which are measured at the NAV of the funds and included within Financial instruments owned, at fair value, in the Consolidated Statements of Financial Condition.

FXCM. Jefferies Group entered into a foreign exchange prime brokerage agreement with FXCM in 2017. In connection with the foreign exchange contracts entered into under this agreement, Jefferies Group had $0.6 million and $0.7 million at February 28, 2022 and November 30, 2021, respectively, included in Payables, expense accruals and other liabilities in the Consolidated Statements of Financial Condition.

Officers, Directors and Employees. We had $20.9 million and $23.1 million of loans outstanding to certain officers and employees (none of whom are an executive officer or director of the Company) at February 28, 2022 and November 30, 2021, respectively. Receivables from and payables to customers include balances arising from officers', directors' and employees' individual security transactions. These transactions are subject to the same regulations as all customer transactions and are provided on substantially the same terms.

Note 22. Segment Information

We are engaged in investment banking and capital markets and asset management. We also own a legacy portfolio of businesses and investments that we historically denominated as our "Merchant Banking" business.

On December 1, 2021, we made a $477 million contribution of net assets, including both Merchant Banking and Asset Management investments, to Jefferies Group. The transferred Merchant Banking investments are now being managed by a different management team, while the Asset Management investments continue to be managed by the co-Presidents of Asset Management who oversee all asset management activities across the Company. As a result, we transferred $194 million of net assets out of our Merchant Banking segment: $139 million of these net assets, including $48 million of net assets relating to Foursight, were transferred into our Investment Banking and Capital Markets segment; the remaining $55 million of net assets transferred are now managed by the co-Presidents of Asset Management and are included in our Asset Management segment. Prior year amounts have been reclassified to conform to current segment reporting.

The Investment Banking and Capital Markets reportable segment includes investment banking, capital markets and other related services. Investment banking provides underwriting and financial advisory services to clients across most industry sectors in the Americas, Europe, the Middle East and Africa, and Asia Pacific. Capital markets businesses operate across the spectrum of equities and fixed income products.

Within Asset Management, we manage, invest in and provide services to a diverse group of alternative asset management platforms across a spectrum of investment strategies and asset classes. Asset Management offers institutional clients an innovative range of investment strategies through its affiliated managers.

Our Merchant Banking reportable segment consists of our various merchant banking businesses and investments, primarily including Linkem, Vitesse Energy and JETX Energy, real estate, Idaho Timber and FXCM.

Corporate assets primarily consist of cash and cash equivalents. Corporate revenues primarily include interest income.

Certain information concerning our segments is presented in the following table (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Net revenues:		
Reportable Segments:		
Investment Banking and Capital Markets	$ 1,481,818	$ 1,987,496
Asset Management	59,956	229,202
Merchant Banking	189,535	267,004
Corporate	746	590
Total net revenues related to reportable segments	1,732,055	2,484,292
Reconciling items - Consolidation adjustments	(140)	2,650
Total consolidated revenues	$ 1,731,915	$ 2,486,942
Income (loss) before income taxes:		
Reportable Segments:		
Investment Banking and Capital Markets	$ 420,885	$ 556,231
Asset Management	16,009	183,932
Merchant Banking	(24,407)	92,202
Corporate	(11,764)	(20,477)
Income before income taxes related to reportable segments	400,723	811,888
Reconciling items - Parent Company interest	(8,391)	(13,902)
Reconciling items - Consolidation adjustments	—	2,799
Total consolidated income before income taxes	$ 392,332	$ 800,785
Depreciation and amortization expenses:		
Reportable Segments:		
Investment Banking and Capital Markets	$ 23,555	$ 20,710
Asset Management	362	479
Merchant Banking	21,596	16,714
Corporate	424	864
Total consolidated depreciation and amortization expenses	$ 45,937	$ 38,767

	February 28, 2022	November 30, 2021
Identifiable Assets Employed:		
Reportable Segments:		
Investment Banking and Capital Markets	$ 52,646,088	$ 52,903,374
Asset Management	3,312,921	3,205,799
Merchant Banking	2,277,138	2,263,050
Corporate	2,215,945	2,432,927
Identifiable assets related to reportable segments	60,452,092	60,805,150
Reconciling items - Consolidation adjustments	(415,641)	(401,040)
Total consolidated assets	$ 60,036,451	$ 60,404,110

Interest expense classified as a component of Net revenues relates to Jefferies Group. For the three months ended February 28, 2022 and 2021, interest expense classified as a component of Expenses was primarily comprised of parent company interest ($8.4 million and $13.9 million, respectively) and Merchant Banking ($0.7 million and $0.9 million, respectively). Additionally, for the three months ended February 28, 2021, interest expense classified as a component of Expenses in the Investment Banking and Capital Markets reportable segment includes $5.6 million related to Foursight.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Statements included in this report may contain forward-looking statements. See "Cautionary Statement for Forward-Looking Information" below. The following should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and the description of our businesses included in our Annual Report on Form 10-K for the year ended November 30, 2021 (the "2021 10-K").

Results of Operations

We are engaged in investment banking and capital markets and asset management, and own a legacy portfolio of businesses and investments that we have historically denominated as our "Merchant Banking" business. On December 1, 2021, we made a $477 million contribution of net assets, including both Merchant Banking and Asset Management investments, to Jefferies Group. The transferred Merchant Banking investments are now being managed by a different management team, while the Asset Management investments continue to be managed by the co-Presidents of Asset Management who oversee all asset management activities across the Company. As a result, we transferred $194 million of net assets out of our Merchant Banking segment: $139 million of these net assets, including $48 million of net assets relating to Foursight Capital LLC ("Foursight"), were transferred into our Investment Banking and Capital Markets segment; the remaining $55 million of net assets transferred are now managed by the co-Presidents of Asset Management and are included in our Asset Management segment. Prior year amounts have been reclassified to conform to current segment reporting. The following tables present a summary of our financial results.

A summary of results of operations for the first quarter of 2022 is as follows (in thousands):

	Investment Banking and Capital Markets	Asset Management	Merchant Banking	Corporate	Parent Company Interest	Consolidation Adjustments	Total
Net revenues	$ 1,481,818	$ 59,956	$ 189,535	$ 746	$ —	$ (140)	$ 1,731,915
Expenses:							
Cost of sales	—	—	95,671	—	—	—	95,671
Compensation and benefits	724,276	19,936	39,323	6,149	—	—	789,684
Non-compensation expenses:							
Floor brokerage and clearing fees	72,166	11,795	—	—	—	—	83,961
Selling, general and other expenses	240,936	11,854	26,670	5,937	—	(140)	285,257
Interest expense	—	—	697	—	8,391	—	9,088
Depreciation and amortization	23,555	362	21,596	424	—	—	45,937
Total non-compensation expenses	336,657	24,011	48,963	6,361	8,391	(140)	424,243
Total expenses	1,060,933	43,947	183,957	12,510	8,391	(140)	1,309,598
Income (loss) before income taxes and loss related to associated companies	420,885	16,009	5,578	(11,764)	(8,391)	—	422,317
Loss related to associated companies	—	—	(29,985)	—	—	—	(29,985)
Income (loss) before income taxes	$ 420,885	$ 16,009	$ (24,407)	$ (11,764)	$ (8,391)	$ —	392,332
Income tax provision							64,357
Net income							$ 327,975

A summary of results for the first quarter of 2021 is as follows (in thousands):

	Investment Banking and Capital Markets	Asset Management	Merchant Banking	Corporate	Parent Company Interest	Consolidation Adjustments	Total
Net revenues	$ 1,987,496	$ 229,202	$ 267,004	$ 590	$ —	$ 2,650	$ 2,486,942
Expenses:							
Cost of sales	—	—	95,559	—	—	—	95,559
Compensation and benefits	1,109,695	22,785	24,529	15,534	—	—	1,172,543
Non-compensation expenses:							
Floor brokerage and clearing fees	66,574	9,842	—	—	—	—	76,416
Selling, general and other expenses	228,733	12,164	26,520	4,669	—	(149)	271,937
Interest expense (1)	5,553	—	912	—	13,902	—	20,367
Depreciation and amortization	20,710	479	16,714	864	—	—	38,767
Total non-compensation expenses	321,570	22,485	44,146	5,533	13,902	(149)	407,487
Total expenses	1,431,265	45,270	164,234	21,067	13,902	(149)	1,675,589
Income (loss) before income taxes and loss related to associated companies	556,231	183,932	102,770	(20,477)	(13,902)	2,799	811,353
Loss related to associated companies	—	—	(10,568)	—	—	—	(10,568)
Income (loss) before income taxes	$ 556,231	$ 183,932	$ 92,202	$ (20,477)	$ (13,902)	$ 2,799	800,785
Income tax provision							218,236
Net income							$ 582,549

(1) Interest expense within Investment Banking and Capital Markets relates to Foursight and interest expense within Merchant Banking relates to Vitesse Energy, LLC ("Vitesse Energy") for the first quarter of 2021.

The composition of our financial results has varied over time and we expect will continue to evolve. Our strategy is designed to transform Jefferies into a pure financial services firm and, as such, we are focused on the development of our Investment Banking and Capital Markets, and Asset Management segments, while we continue to realize the value of or otherwise transform our investments in Merchant Banking. The following factors and events should be considered in evaluating our financial results as they impact comparisons:

Our financial results for the first quarter of 2022 were impacted by:

- Investment Banking and Capital Markets net revenues of $1.48 billion:
  - Investment Banking net revenues of $1.00 billion, including advisory net revenues of $543.8 million, equity underwriting net revenues of $156.1 million and debt underwriting net revenues of $245.2 million;
  - Combined Capital Markets net revenues of $479.8 million, including equities net revenues of $277.0 million and fixed income net revenues of $202.8 million;
- Asset Management revenues (before allocated net interest) of $74.0 million; and
- Pre-tax loss of $24.4 million related to our Merchant Banking businesses reflecting:
  - Strong results at Idaho Timber;
  - Unrealized hedging losses at Vitesse; and
  - Mark-to-market declines in the value of several of our investments in public companies.

Our financial results for the first quarter of 2021 were impacted by:

- Investment Banking and Capital Markets net revenues of $1.99 billion:
  - Investment banking net revenues of $1.09 billion, including advisory net revenues of $311.4 million, equity underwriting net revenues of $494.8 million and debt underwriting net revenues of $197.4 million;
  - Combined capital markets net revenues of $894.4 million, including equities net revenues of $531.0 million and fixed income net revenues of $363.4 million;
- Asset Management revenues (before allocated net interest) of $239.6 million; and
- Pre-tax income of $92.2 million related to our Merchant Banking businesses reflecting strong results from Idaho Timber and mark-to-market increases in the value of several of our investments in public and private companies.

Investment Banking and Capital Markets

A summary of results of operations for our Investment Banking and Capital Markets segment is as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Net revenues	$ 1,481,818	$ 1,987,496
Expenses:		
Compensation and benefits	724,276	1,109,695
Non-compensation expenses:		
Floor brokerage and clearing fees	72,166	66,574
Selling, general and other expenses	240,936	228,733
Interest expense	—	5,553
Depreciation and amortization	23,555	20,710
Total non-compensation expenses	336,657	321,570
Total expenses	1,060,933	1,431,265
Income before income taxes	$ 420,885	$ 556,231

Our Investment Banking and Capital Markets reportable segment comprises many business units, with many interactions and much integration among them. Business activities include the sales, trading, origination and advisory effort for various equity, fixed income, commodities, foreign exchange and advisory services. Our results in any given period can be materially affected by conditions in global financial markets, economic conditions generally, and our own activities and positions.

Revenues by Source

Net revenues presented for our Investment Banking and Capital Markets reportable segment include allocations of interest income and interest expense as we assess the profitability of these businesses inclusive of the net interest revenue or expense associated with the respective activities, including the net interest cost of allocated long-term debt, which is a function of the mix of each business's associated assets and liabilities and the related funding costs. We have made a change to the presentation of our “Revenues by Source” to present Jefferies Group's share of the net earnings of Berkadia Commercial Mortgage Holding LLC ("Berkadia") within Other investment banking net revenues, which was previously presented within the Other business category. We believe that this change to our revenue reporting better aligns with management's current view of our business activities related to commercial real estate investment banking and management reporting. Previously reported results are presented on a comparable basis.

The following provides a summary of net revenues by source (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Advisory	$ 543,769	$ 311,439
Equity underwriting	156,100	494,806
Debt underwriting	245,179	197,367
Total underwriting	401,279	692,173
Other investment banking	58,134	83,022
Total investment banking	1,003,182	1,086,634
Equities	277,047	531,016
Fixed income	202,800	363,359
Total capital markets	479,847	894,375
Other	(1,211)	6,487
Total Investment Banking and Capital Markets (1)	$ 1,481,818	$ 1,987,496

(1) Allocated net interest is not separately disaggregated in presenting our Investment Banking and Capital Markets reportable segment within our Net Revenues by Source. This presentation is aligned to our Investment Banking and Capital Markets internal performance measurement.

Investment Banking Revenues

Investment banking is comprised of revenues from:

- advisory services with respect to mergers/acquisitions, restructurings/recapitalizations and private capital advisory transactions;
- underwriting services, which include underwriting and placement services related to corporate debt, municipal bonds, mortgage-backed and asset-backed securities, and equity and equity-linked securities and loan syndication;
- our 50% share of net earnings from Jefferies Group's corporate lending joint venture, Jefferies Finance LLC ("Jefferies Finance");
- our 45% share of net earnings from Jefferies Group's commercial real estate joint venture, Berkadia;
- the results of operations of Foursight, Jefferies Group's wholly-owned subsidiary engaged in the lending and servicing of automobile loans; and
- securities and loans received or acquired in connection with our investment banking activities.

The following table sets forth our investment banking activities (dollars in billions):

	Deals Completed		Aggregate Value	
	For the Three Months Ended February 28,		For the Three Months Ended February 28,	
	2022	2021	2022	2021
Advisory transactions	132	65	$ 138.8	$ 82.2
Public and private equity and convertible offerings	47	116	$ 12.1	$ 43.8
Public and private debt financings	176	163	$ 88.1	$ 76.7

Investment banking revenues for the first quarter of 2022 were $1.00 billion, compared with $1.09 billion for the first quarter of 2021, reflecting higher revenues in mergers and acquisitions and debt underwriting, more than offset by lower revenues in equity underwriting.

Our advisory revenues were $543.8 million for the first quarter of 2022, up $232.3 million, or 74.6% higher than the prior year comparable quarter, as activity in the mergers and acquisitions markets remained strong and the number of our completed transactions continued to increase.

Total underwriting revenues for the first quarter of 2022 were $401.3 million, a decrease of 42.0%, from $692.2 million in the prior year comparable quarter, reflecting lower net revenues of $156.1 million in equity underwriting, partially offset by strong quarterly net revenues of $245.2 million in debt underwriting. The decline in our equity underwriting net revenues was consistent with the substantial reduction in industry-wide deal activity, including a slowdown in Special Purpose Acquisition Companies ("SPACs") transactions as compared with the prior year comparable quarter.

Other investment banking revenues were $58.1 million for the first quarter of 2022, compared with net revenues $83.0 million for the first quarter of 2021. Other investment banking revenues during the first quarter of 2022 include net revenues of $19.0 million from our share of the net earnings of our Jefferies Finance joint venture, compared with net revenues of $27.6 million in the prior year comparable quarter. Results in the current year quarter also include net revenues of $38.9 million due to our share of the net income of Berkadia compared with net revenues of $30.0 million from Berkadia in the prior year comparable quarter, primarily due to increased mortgage origination at Berkadia. Revenues from our share of the net earnings of Jefferies Finance and Berkadia are partially offset by allocated interest expense associated with the investments in Jefferies Finance and Berkadia. In addition, our other investment banking results for the first quarter of 2022 include net revenues of $21.8 million from Foursight, compared with net revenues of $22.3 million in the prior year comparable quarter. Other investment banking net revenues also include net mark-to-market losses of $13.7 million related to certain investments compared with net mark-to-market gains of $8.5 million in the prior year comparable quarter.

At February 28, 2022, the new issue markets are somewhat sluggish and while Jefferies Group's investment banking backlog remains strong, its realization of this backlog is sensitive to market conditions. As an indicator of net revenues in a given future period, backlog is subject to limitations. The time frame for the realization of revenues from these expected transactions varies and is influenced by factors we do not control. Transactions not included in our backlog may be completed, and expected transactions may be modified or cancelled.

Equities Net Revenues

Equities are comprised of net revenues from:

- services provided to our clients from which we earn commissions or spread revenue by executing, settling and clearing transactions for clients;
- advisory services offered to clients;
- financing, securities lending and other prime brokerage services offered to clients, including capital introductions and outsourced trading; and
- wealth management services.

Total equities net revenues were $277.0 million for the first quarter of 2022, compared with $531.0 million for the first quarter of 2021, which included all-time record results in predominately all our equities businesses and across each of our regions.

Results in Jefferies Group's global cash equities business reflected lower client activity across regions versus strong market volumes in the prior year comparable quarter. The prior year comparable quarter also benefited from trading opportunities related to SPACs. Jefferies Group's global convertibles business also had lower revenues primarily driven by weaker equity markets and widening credit spreads compared to a strong issuance market in the prior year comparable quarter.

Fixed Income Net Revenues

Fixed income is comprised of net revenues from:

- executing transactions for clients and making markets in securitized products, investment grade, high yield, distressed, emerging markets, municipal and sovereign securities and bank loans, as well as foreign exchange execution on behalf of clients;
- interest rate derivatives and credit derivatives; and
- financing services offered to clients.

Fixed income net revenues totaled $202.8 million for the first quarter of 2022, a decrease of 44.2% from net revenues of $363.4 million for the first quarter of 2021, primarily due to lower trading volumes in the face of inflation concerns and interest rate uncertainty and a reduction in investor demand for securitized products. The prior year comparable quarter results were reflective of particularly strong client activity and robust revenues from high levels of volatility.

Results across most of Jefferies Group's credit franchise and emerging markets business were lower on a slowdown in trading opportunities, as results in the prior year comparable quarter reflected robust revenues across regions and products, due to increased client trading activity. Additionally, trading conditions were difficult for municipal securities as compared to strong results in the prior year comparable quarter.

The lower results were partially offset by higher revenues in Jefferies Group's global rates businesses due to an increase in trading opportunities, as increased inflation expectations drove an increase in rates during the current year quarter.

Other

Other is comprised of revenues from:

- principal investments in private equity and hedge funds managed by third-parties, which are not part of our asset management platform and other strategic investment positions; and
- investments held as part of employee benefit plans, including deferred compensation plans (for which we incur an equal and offsetting amount of compensation expenses).

Our other net revenues were a loss of $1.2 million for the first quarter of 2022, a decrease of $7.7 million compared with net revenues of $6.5 million for the first quarter of 2021.

Compensation and Benefits

Compensation and benefits expense consists of salaries, benefits, commissions, annual cash compensation and share-based awards and the amortization of share-based and cash compensation awards to employees. Cash and share-based awards and a portion of cash awards granted to employees as part of year end compensation generally contain provisions such that employees who terminate their employment or are terminated without cause may continue to vest in their awards, so long as those awards are not forfeited as a result of other forfeiture provisions (primarily non-compete clauses) of those awards. Accordingly, the compensation expense for a such awards granted at year end as part of annual compensation is recorded during the year of the award. Compensation and benefits expense also includes amortization expense related to awards granted where vesting is contingent on future service. In addition, the awards to our Chief Executive Officer and President contain market and performance conditions and the awards are amortized over their service periods.

The following table provides a summary of compensation and benefits expense (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Compensation expense without future service requirements	$ 686,114	$ 1,068,393
Amortization of share-based and cash-based awards	38,162	41,302
Total Compensation and benefits expense	$ 724,276	$ 1,109,695
Compensation and benefits expense as a percentage of Net revenues	48.9 %	55.8 %

A significant portion of compensation expense is highly variable with net revenues. Compensation and benefits expense decreased, consistent with the decrease in net revenues. Amortization of share-based and cash-based awards decreased in the first quarter of 2022 as compared to the same period in 2021 as a result of the accelerated amortization recognized in the year ended November 30, 2021 of certain cash-based awards that had been granted during previous years, which were amended to remove any service requirements for vesting in the awards.

Non-Compensation Expenses

Non-compensation expenses include floor brokerage and clearing fees, underwriting costs, technology and communications expense, occupancy and equipment rental expense, business development, professional services, bad debt provision, impairment charges, depreciation and amortization expense and other costs. All of these expenses, other than floor brokerage and clearing fees, and depreciation and amortization expense, are included in Selling, general and other expenses in the Consolidated Statements of Operations.

Non-compensation expenses were $336.7 million for the first quarter of 2022, an increase of $15.1 million, compared with $321.6 million in the first quarter of 2021. Non-compensation expenses as a percentage of Investment Banking and Capital Markets net revenues were 22.7% and 16.2% for the first quarter of 2022 and 2021, respectively.

The increase is primarily due to higher technology and communication expenses related to the development of various trading and management systems and increased market data costs, higher business development expenses as business travel and events increased from the prior year comparable quarter which was substantially curtailed due to COVID-19 and higher other expenses. This increase was partially offset by lower underwriting costs due to a decrease in the volume of investment banking
transactions.

Asset Management

Our asset management business is a diversified alternative asset management platform offering institutional clients an innovative range of investment strategies directly and through our affiliated asset managers. We provide certain of our affiliated asset managers to our fully integrated global operational infrastructure and support. This may include strategy and product development, daily operations and finance-related activities, compliance, legal and human resources support, as well as marketing business development.

A summary of results of operations for our Asset Management segment is as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Net revenues	$ 59,956	$ 229,202
Expenses:		
Compensation and benefits	19,936	22,785
Non-compensation expenses:		
Floor brokerage and clearing fees	11,795	9,842
Selling, general and other expenses	11,854	12,164
Depreciation and amortization	362	479
Total non-compensation expenses	24,011	22,485
Total expenses	43,947	45,270
Income before income taxes	$ 16,009	$ 183,932

Revenues

Asset management net revenues include the following:

- Total asset management fees: management and performance fees from funds and accounts managed by us;
- Revenue from arrangements with strategic affiliates: revenues from affiliated asset managers where we are entitled to portions of their revenues and/or profits, as well as earnings on our ownership interests in our affiliated asset managers;
- Investment return: this includes investment income from capital invested in and managed by us and our affiliated asset managers; and
- Alternative investing activities across a range of sectors.

The key components of asset management revenues are the level of assets under management and the performance return, for the most part on an absolute basis and, in certain cases, relative to a benchmark or hurdle. These components can be affected by

financial markets, profits and losses in the applicable investment portfolios and client capital activity. Further, asset management fees vary with the nature of investment management services. The terms under which clients may terminate our investment management authority, and the requisite notice period for such termination, varies depending on the nature of the investment vehicle and the liquidity of the portfolio assets. In some instances, performance fees and similar revenues are generally recognized once a year when they become fixed and determinable and are not probable of being significantly reversed, typically in December. As a result, a significant portion of our performance fees and similar revenues generated from investment returns in a calendar year are recognized in our following fiscal year.

The following summarizes the results of our Asset Management businesses revenues by asset class (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Asset management fees:		
Equities	$ 5,290	$ 4,999
Multi-asset	7,279	2,427
Total asset management fees	12,569	7,426
Revenues from arrangements with strategic affiliates (1)	31,933	58,883
Total asset management fees and revenues	44,502	66,309
Investment return (2)	29,530	173,292
Allocated net interest (2)	(14,076)	(10,399)
Total Asset Management	$ 59,956	$ 229,202

(1) The amounts include our share of fees received by affiliated asset management companies with which we have revenue and profit share arrangements, as well as earnings on our ownership interest in affiliated asset managers.

(2) Allocated net interest represents an allocation to Asset Management of long-term debt interest expense, net of interest income on our Cash and cash equivalents and other sources of liquidity. Allocated net interest has been disaggregated to increase transparency and to make clearer actual Investment return. We believe that aggregating Investment return and Allocated net interest would obscure the Investment return by including an amount that is unique to our credit spreads, debt maturity profile, capital structure, liquidity risks and allocation methods.

Asset management net revenues for the first quarter of 2022 were $60.0 million, compared to $229.2 million recorded in the first quarter of 2021. Total asset management fees and revenues for the first quarter of 2022 were $44.5 million, compared with $66.3 million in the prior year comparable quarter. The decrease was due to a decrease in performance and similar fees and revenues earned directly or through our strategic affiliates, partially offset by higher asset management fees on funds managed by us.

Our investment return for the first quarter of 2022 was $29.5 million, compared with $173.3 million for the prior year comparable quarter, as our strategies were significantly impacted by a difficult environment for long/short equity funds, multi-strategy funds and energy funds and lower performance by strategies that had very strong returns during the prior year comparable quarter. Results in the current year quarter also include allocated net interest expenses of $14.1 million, compared with $10.4 million in the prior year comparable quarter.

Assets Under Management

The tables below include only third-party assets under management by us, excluding those of our affiliated asset managers.

Assets under management by predominant asset class were as follows (in millions):

	February 28, 2022	November 30, 2021
Assets under management:		
Equities	$ 355	$ 349
Multi-asset	637	482
Total	$ 992	$ 831

Change in assets under management were as follows (in millions):

	For the Three Months Ended February 28,	
	2022	2021
Balance, beginning of period	$ 831	$ 774
Net cash flow in (out)	157	(34)
Net market appreciation	4	33
Balance, end of period	$ 992	$ 773

The change in assets under management during the first quarter of 2022 is primarily due to new subscriptions and investments from third-parties. The change in assets under management during the first quarter of 2021 is primarily due to the redemption from certain funds offset by market appreciation during the period.

Our definition of assets under management is not based on any definition contained in any of our investment management agreements and differs from the manner in which "Regulatory Assets Under Management" is reported to the SEC on Form ADV.

Asset Management Investments

Our asset management business makes seed and additional strategic investments directly in alternative asset management separately managed accounts and co-mingled funds where we act as the asset manager or in affiliated asset managers where we have strategic relationships and participate in the revenues or profits of the affiliated manager. The following table reflects amounts invested by asset manager (in thousands):

	February 28, 2022	November 30, 2021
Jefferies Financial Group Inc., as manager:		
Fund investments (1)	$ 182,990	$ 221,359
Separately managed accounts (2)	241,237	251,665
Total	424,227	473,024
Third-party, as manager:		
Fund investments (1)	1,001,126	831,508
Separately managed accounts (2)	222,538	368,377
Investments in asset managers	223,928	222,661
Total	1,447,592	1,422,546
Total asset management investments	$ 1,871,819	$ 1,895,570

1) Due to the level or nature of an investment in a fund, we may consolidate that fund, and accordingly, the assets and liabilities of the fund are included in the representative line items in the consolidated financial statements. At February 28, 2022 and November 30, 2021, $70.1 million and $76.5 million, respectively, represents net investments in funds that have been consolidated in our financial statements.
2) Where we have investments in a separately managed account, the assets and liabilities of such account are presented in the Consolidated Statements of Financial Condition within each respective line item.

Collectively, we and our affiliated asset managers have aggregate net asset values or net asset value equivalent assets under management of approximately $23.6 billion and $23.6 billion at February 28, 2022 and November 30, 2021, respectively. Net asset values or net asset value equivalent assets under management are comprised of the fair value of the net assets of a fund or the net capital invested in a separately managed account. These include the following:

- $20.0 billion and $20.1 billion as of February 28, 2022 and November 30, 2021, respectively - This includes the assets under management raised by affiliated asset managers with whom we have an ongoing profit or revenue sharing arrangement. In some instances, due to the timing of payments and crystallization of profits or revenue, the revenue related to these relationships will generally be realized and recognized once per year at the calendar year-end (during our first fiscal quarter).
- $2.6 billion and $2.6 billion as of February 28, 2022 and November 30, 2021, respectively - Net asset values of investments made by us in funds or separately managed accounts. We invest in certain strategies using our own capital often before opening a strategy to outside capital. This net asset value includes our seed capital of $1.7 billion and $1.6 billion as of February 28, 2022 and November 30, 2021, respectively, in addition to amounts financed of $0.9 billion and $1.0 billion as of February 28, 2022 and November 30, 2021, respectively, invested in funds and separately managed accounts that are managed by us and our affiliated asset managers.
- $1.0 billion and $0.8 billion as of February 28, 2022 and November 30, 2021, respectively - This includes third-party investments actively managed by wholly-owned managers.

Merchant Banking

A summary of results for our Merchant Banking segment is as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Net revenues	$ 189,535	$ 267,004
Expenses:		
Cost of sales	95,671	95,559
Compensation and benefits	39,323	24,529
Non-compensation expenses:		
Selling, general and other expenses	26,670	26,520
Interest expense	697	912
Depreciation and amortization	21,596	16,714
Total non-compensation expenses	48,963	44,146
Total expenses	183,957	164,234
Income before income taxes and loss related to associated companies	5,578	102,770
Loss related to associated companies	(29,985)	(10,568)
Income (loss) before income taxes	$ (24,407)	$ 92,202

The decrease in Net revenues in the first quarter of 2022 as compared to the first quarter of 2021 is primarily due to mark-to-market declines in the value of several of our investments in public companies, partially offset by revenue increases in some of our consolidated investments. The increase in Compensation and benefits expense in the first quarter of 2022 as compared to the first quarter of 2021 primarily relates to certain fair value based compensation arrangements within some of our consolidated investments.

A summary of results for Merchant Banking by source is as follows (in thousands):

	Revenues	Expenses	Loss related to Associated Companies	Income (Loss) before Income Taxes
For the three months ended February 28, 2022				
Oil and gas	$ 25,485	$ 47,740	$ —	$ (22,255)
Idaho Timber	141,108	96,924	—	44,184
Real estate	25,365	16,753	2,000	10,612
Other	(2,423)	22,540	(31,985)	(56,948)
Total	$ 189,535	$ 183,957	$ (29,985)	$ (24,407)
For the three months ended February 28, 2021				
Oil and gas	$ 13,318	$ 34,247	$ —	$ (20,929)
Idaho Timber	137,892	99,593	—	38,299
Real estate	11,672	14,291	6,051	3,432
Other	104,122	16,103	(16,619)	71,400
Total	$ 267,004	$ 164,234	$ (10,568)	$ 92,202

Oil and Gas

Production revenue of $49.4 million in the first quarter of 2022 was higher than the $35.3 million in the first quarter of 2021, due to higher oil and gas prices, in part due to geopolitical issues, and slightly higher volumes due to fewer inactive wells. Production revenues include sales of oil and gas, as well as realized gains and losses related to oil hedges. The total impact of realized and unrealized hedging losses were $32.5 million in the first quarter of 2022 and $19.2 million in the first quarter of 2021. Total expenses increased during the first quarter of 2022 as compared to the first quarter of 2021, reflecting higher compensation, depreciation and operating expenses.

For the first quarter of 2022, about 58% of oil production was hedged at a weighted average price of about $59/barrel. For the remainder of 2022, about 46% of expected oil production is hedged at a weighted average price of about $61/barrel. For 2023, we have about 27% of expected oil production hedged at a weighted average price of about $77/barrel. Because these hedging arrangements are not eligible for hedge accounting, it is difficult to align the impact of the hedging by quarter, with the earning of revenues for which the hedges were designed. Hedging gains and losses during the current quarter reflect changes in the value of hedges which expire at varying dates through 2024.

Idaho Timber

Net revenues increased in the first quarter of 2022 as compared to the same period in 2021, primarily due to an increase in the average selling price of 18%, partially offset by a decrease in shipments of 13%. The decrease in total expenses for Idaho Timber in the first quarter of 2022 as compared to the same period in 2021 primarily reflects lower cost of sales slightly offset by increased compensation expense.

Real Estate

The increase in real estate revenues and expenses in the first quarter of 2022 as compared to the same period in 2021 primarily reflects increased sales of properties and the related cost of sales.

Other

Other revenues reflect realized and unrealized gains (losses) on financial instruments owned, which are held at fair value, of $(12.8) million and $95.9 million for the first quarter of 2022 and 2021, respectively. The gains (losses) on financial instruments owned include mark-to-market changes in the value of our investments in public companies of $(16.1) million and $84.3 million for the first quarter of 2022 and 2021, respectively.

Corporate

A summary of results of operations for our Corporate segment is as follows (in thousands):

	For the Three Months Ended February 28,	
	2022	**2021**
Net revenues	$ 746	$ 590
Expenses:		
Compensation and benefits	6,149	15,534
Non-compensation expenses:		
Selling, general and other expenses	5,937	4,669
Depreciation and amortization	424	864
Total non-compensation expenses	6,361	5,533
Total expenses	12,510	21,067
Loss before income taxes	$ (11,764)	$ (20,477)

Compensation and benefits expense is lower in the first quarter of 2022 due to results reflecting a more normalized operating environment, as well as a meaningful reduction in expense related to share-based awards that impacted the first quarter of 2021. Total expenses include share-based compensation expense of $1.2 million and $9.1 million for the first quarter of 2022 and 2021, respectively, including $7.0 million in the first quarter of 2021 related to the full fair value of certain share-based grants made during 2021, which were fully vested upon grant.

Parent Company Interest

Parent company interest expense totaled $8.4 million and $13.9 million for the first quarter of 2022 and 2021, respectively. The decrease in interest expense in the first quarter of 2022, is a result of the repurchase in the fourth quarter of 2021 of $308.3 million principal amount of our 5.50% Senior Notes due October 18, 2023. Interest expense may also fluctuate due to capitalization of interest.

Income Taxes

Our provision for income taxes was $64.4 million for the first quarter of 2022, representing an effective tax rate of 16.4%. For the first quarter of 2021, our provision for income taxes was $218.2 million, representing an effective tax rate of 27.3%. The decrease in the effective tax rate for the first quarter of 2022, as compared to the first quarter of 2021, is primarily due to the recognition of an excess tax benefit related to the conversion of restricted stock units to common shares. The increase in share price from the time of the restricted stock unit grants to the time of these conversions generated excess tax deductions, reducing our tax rate for the period of the conversions.

Selected Statement of Financial Condition Data

On December 1, 2021, we made a $477 million contribution of net assets, including both Merchant Banking and Asset Management investments, to Jefferies Group. The transferred Merchant Banking investments are now being managed by a different management team, while the Asset Management investments continue to be managed by the co-Presidents of Asset Management who oversee all asset management activities across the Company. As a result, we transferred $194 million of net assets out of our Merchant Banking segment: $139 million of these net assets, including $48 million of net assets relating to Foursight Capital LLC ("Foursight"), were transferred into our Investment Banking and Capital Markets segment; the remaining $55 million of net assets transferred are now managed by the co-Presidents of Asset Management and are included in our Asset Management segment. Prior year amounts have been reclassified to conform to current segment reporting.

The tables below reconcile the balance sheet for each of our segments to our consolidated balance sheet (in thousands):

	February 28, 2022					
	Investment Banking and Capital Markets	Asset Management	Merchant Banking	Corporate	Consolidation Adjustments	Total
Assets						
Cash and cash equivalents	$ 6,714,524	$ 5,124	$ 145,714	$ 1,635,420	$ —	$ 8,500,782
Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations	838,092	—	—	—	—	838,092
Financial instruments owned, at fair value	18,903,786	2,413,381	309,876	5,893	—	21,632,936
Loans to and investments in associated companies	1,223,852	189,529	390,016	—	—	1,803,397
Securities borrowed	7,110,757	—	—	—	—	7,110,757
Securities purchased under agreements to resell	6,472,270	84,943	—	—	—	6,557,213
Securities received as collateral, at fair value	973	—	—	—	—	973
Receivables	7,727,599	454,992	92,226	560	—	8,275,377
Property, equipment and leasehold improvements, net	874,818	2,279	23,798	8,670	—	909,565
Intangible assets, net and goodwill	1,705,594	143,305	45,822	—	—	1,894,721
Other assets	1,073,823	19,368	1,269,686	565,402	(415,641)	2,512,638
Total assets	52,646,088	3,312,921	2,277,138	2,215,945	(415,641)	60,036,451
Liabilities						
Long-term debt (1) (2)	6,639,017	1,248,958	320,823	687,234	—	8,896,032
Other liabilities	39,169,158	1,075,254	285,806	337,896	(415,641)	40,452,473
Total liabilities	45,808,175	2,324,212	606,629	1,025,130	(415,641)	49,348,505
Redeemable noncontrolling interests	—	—	14,027	—	—	14,027
Mandatorily redeemable convertible preferred shares	—	—	—	125,000	—	125,000
Noncontrolling interests	728	11,305	46,586	—	—	58,619
Total Jefferies Financial Group Inc. shareholders' equity	$ 6,837,185	$ 977,404	$ 1,609,896	$ 1,065,815	$ —	$ 10,490,300

(1) Jefferies Group long-term debt of $7.89 billion at February 28, 2022 is allocated to Investment Banking and Capital Markets, and Asset Management segments based on an internal management view only and may not be reflective of what long-term debt would be on a stand-alone segment basis.

(2) Long-term debt within Merchant Banking of $320.8 million at February 28, 2022, primarily includes $253.2 million for real estate businesses and $67.6 million for Vitesse Energy. At February 28, 2022, Vitesse Energy had $68.0 million drawn out of the maximum $140.0 million borrowing base on its credit facility. See Note 11 in our consolidated financial statements for additional information.

	November 30, 2021					
	Investment Banking and Capital Markets	Asset Management	Merchant Banking	Corporate	Consolidation Adjustments	Total
Assets						
Cash and cash equivalents	$ 8,813,434	$ 3,651	$ 146,577	$ 1,791,471	$ —	$ 10,755,133
Cash and securities segregated and on deposit for regulatory purposes or deposited with clearing and depository organizations	1,015,107	—	—	—	—	1,015,107
Financial instruments owned, at fair value	17,097,333	2,409,428	321,909	—	—	19,828,670
Loans to and investments in associated companies	1,150,782	193,800	401,208	—	—	1,745,790
Securities borrowed	6,409,420	—	—	—	—	6,409,420
Securities purchased under agreements to resell	7,618,652	23,832	—	—	—	7,642,484
Securities received as collateral, at fair value	7,289	—	—	—	—	7,289
Receivables	7,352,435	387,932	91,253	7,620	—	7,839,240
Property, equipment and leasehold improvements, net	870,512	6,319	25,082	9,317	—	911,230
Intangible assets, net and goodwill	1,707,807	143,304	46,389	—	—	1,897,500
Other assets	860,603	37,533	1,230,632	624,519	(401,040)	2,352,247
Total assets	52,903,374	3,205,799	2,263,050	2,432,927	(401,040)	60,404,110
Liabilities						
Long-term debt (1) (2)	7,038,284	1,084,168	316,285	687,008	—	9,125,745
Other liabilities	39,295,448	1,089,863	249,417	314,637	(401,040)	40,548,325
Total liabilities	46,333,732	2,174,031	565,702	1,001,645	(401,040)	49,674,070
Redeemable noncontrolling interests	—	—	25,400	—	—	25,400
Mandatorily redeemable convertible preferred shares	—	—	—	125,000	—	125,000
Noncontrolling interests	737	10,387	14,761	—	—	25,885
Total Jefferies Financial Group Inc. shareholders' equity	$ 6,568,905	$ 1,021,381	$ 1,657,187	$ 1,306,282	$ —	$ 10,553,755

(1) Jefferies Group long-term debt of $8.12 billion at November 30, 2021 is allocated to Investment Banking and Capital Markets, and Asset Management segments based on an internal management view only and may not be reflective of what long-term debt would be on a stand-alone segment basis.

(2) Long-term debt within Merchant Banking of $316.3 million at November 30, 2021, primarily includes $248.7 million for real estate businesses and $67.6 million for Vitesse Energy. At November 30, 2021, Vitesse Energy had $68.0 million drawn out of the maximum $140.0 million borrowing base on its credit facility. See Note 11 in our consolidated financial statements for additional information.

The table below presents our capital by significant business and investment (in thousands):

	February 28, 2022	November 30, 2021
Investment Banking and Capital Markets	$ 6,837,185	$ 6,568,905
Asset Management	977,404	1,021,381
Merchant Banking:		
Oil and gas	465,703	510,798
Real estate	489,502	476,939
Linkem	110,807	133,778
FXCM	99,406	99,441
Idaho Timber	110,702	87,527
Investments in public companies	215,244	246,510
Other	118,532	102,194
Total Merchant Banking	1,609,896	1,657,187
Corporate liquidity and other assets, net of Corporate liabilities including long-term debt	1,065,815	1,306,282
Total Capital	$ 10,490,300	$ 10,553,755

Below is a brief description of the captions in the table above:

- Investment Banking and Capital Markets includes investment banking, capital markets and other related services. Investment banking provides underwriting and financial advisory services to clients across most industry sectors in the Americas, Europe, the Middle East and Africa, and Asia Pacific. Capital markets businesses operate across the spectrum of equities and fixed income products. Our Investment Banking and Capital Markets businesses are conducted by Jefferies Group, our largest subsidiary, and is now the largest independent full-service global investment banking firm headquartered in the U.S.

- Within Asset Management, we manage, invest in and provide services to a diverse group of alternative asset management platforms across a spectrum of investment strategies and asset classes. Asset Management offers institutional clients an innovative range of investment strategies through its affiliated managers.

- Merchant Banking:
  - Our oil and gas business primarily consists of Vitesse Energy. Vitesse Energy is our 97% owned consolidated subsidiary that acquires, invests and monetizes non-operated working interests and royalties predominantly in the Bakken Shale of the Williston Basin in North Dakota.
  - Our real estate assets primarily consist of our 100% ownership of HomeFed, a developer and owner of residential and mixed-use real estate properties in California, New York, Florida, Virginia and South Carolina. HomeFed's key assets include Otay Ranch, a master planned community that is under development in Chula Vista, CA, made up of approximately 4,450 acres of land entitled for 13,050 total units; and Renaissance Plaza, a mixed-use asset in Brooklyn, NY, comprised of an office building, garage and hotel.
  - We own approximately 42% of the common shares of Linkem. In addition, we own convertible preferred stock, which is automatically convertible to common shares in 2026, redeemable preferred stock with a redemption value of $107.3 million at February 28, 2022 and warrants. If all of our convertible preferred stock was converted and warrants were exercised, it would increase our ownership to approximately 57% of Linkem's common equity at February 28, 2022. Linkem provides residential broadband services in Italy using LTE technologies deployed over the 3.5 GHz spectrum band. Linkem is upgrading its proprietary fixed wireless network to state-of-the-art 5G technology using its valuable nationwide 3.5GHz spectrum holdings. Linkem built its first 5G towers in late 2020 and commercially launched service in September 2021. It plans to rapidly increase its network coverage and service offerings over the coming years as it completes the upgrade to 5G, adds subscribers and leverages its network and spectrum assets. Linkem is accounted for under the equity method. In December 2021, Linkem announced an agreement to merge its customer-facing retail operations into Tiscali S.p.A., a public Italian telecommunications company. If the transaction is completed, Linkem will become the majority shareholder of Tiscali. The combined company would be the fifth-largest broadband operator in Italy, and the largest provider of ultrabroadband fiber-to-

the-home and fixed wireless access. Linkem's remaining infrastructure division would own the largest independent 5G network in Italy with an extensive spectrum portfolio offering fixed wireless, mobile, and private network services that support a wide variety of 5G applications to telecom carriers and other enterprise customers.
  - Our investment in FXCM and associated companies consists of a senior secured term loan due February 8, 2023 ($71.6 million principal outstanding at February 28, 2022), a 50% voting interest in FXCM and rights to a majority of all distributions in respect of the equity in FXCM. FXCM is a provider of online foreign exchange trading, contract for difference trading, spread betting and related services.
  - Idaho Timber is our 100% owned consolidated subsidiary engaged in the manufacture and distribution of various wood products.

- Corporate liquidity and other assets, net of Corporate liabilities, primarily consist of cash and cash equivalents, net of long-term debt and payables, expense accruals and other liabilities, as well as our outstanding mandatorily redeemable convertible preferred shares.

Liquidity and Capital Resources

Parent Company Liquidity

Our strategy focuses on continuing to build out our investment banking effort, enhancing our capital markets businesses and further developing our Leucadia Asset Management alternative asset management platform, while returning excess capital to shareholders. We own a legacy portfolio of businesses and investments that we historically denominated as our "Merchant Banking" business and are reflected in our consolidated results as consolidated subsidiaries, equity investments, securities or in other ways. We are well along in the process of liquidating this portfolio, with the intention of selling to third parties, distributing to shareholders or transferring the balance of this portfolio to our Asset Management reportable segment over the next few years.

Parent company liquidity, which includes cash and investments that are easily convertible into cash within a relatively short period of time, total $1.83 billion at February 28, 2022 and are primarily comprised of cash, prime and government money market funds and other publicly traded securities. These are classified in the Consolidated Statement of Financial Condition as cash and cash equivalents and financial instruments owned, at fair value. At February 28, 2022, $1.41 billion of this amount is invested in U.S. government money funds that invest at least 99.5% of its total assets in cash, securities issued by the U.S. government and U.S. government-sponsored entities and repurchase agreements that are fully collateralized by cash or government securities.

During the first quarter of 2022, our parent company received cash distributions of $225.8 million from our subsidiary businesses, including $193.0 million from Jefferies Group.

Our current annual cash requirements, including the payment of interest on our parent company debt, dividends and corporate cash overhead expenses, aggregate approximately $383.0 million in the upcoming year. Dividends paid during the first quarter of 2022 of $72.3 million include quarterly dividends of $0.30 per share. The payment of dividends is subject to the discretion of our Board of Directors and depends upon general business conditions, legal and contractual restrictions on the payment of dividends and other factors that our Board of Directors may deem to be relevant.

For many years, we benefited from federal net operating loss carryovers ("NOLs") which substantially offset our federal cash tax requirements. As a result of full utilization of our federal NOLs and other tax attributes, we have been incurring and paying federal taxes since 2020.

Our primary long-term parent company cash requirement is our $691.7 million principal outstanding as of February 28, 2022 under our long-term debt, of which $441.7 million is due in 2023 and $250.0 million in 2043.

Shares Outstanding

During the first quarter of 2022, we purchased a total of 10,038,189 of our common shares for $364.2 million, or an average price of $36.28 per share, including 6,848,095 of our common shares in the open market for $250.0 million under our current Board of Director authorization, and 3,190,094 shares of our common stock for $114.2 million in connection with net-share settlements under our equity compensation plan. At February 28, 2022, we had no remaining authorization of future repurchases. In March 2022, the Board of Directors increased the share repurchase authorization back up to $250.0 million.

At February 28, 2022, we had outstanding 240,168,818 common shares, 17,554,000 share-based awards that do not require the holder to pay any exercise price and 5,063,000 stock options that require the holder to pay an average exercise price of $23.73 per share. The 17,554,000 share-based awards include the target number of shares that may be issued under the senior executive

award plan. Additionally, we have mandatorily redeemable convertible preferred shares that are currently convertible into 4,440,863 common shares, at an effective conversion price of $28.15 per share. At February 28, 2022, the maximum potential increase to common shares outstanding resulting from these outstanding awards and the preferred shares is 27,058,000 (potentially an aggregate of 267,226,818 outstanding common shares if all awards and preferred shares become outstanding common shares).

Long-term Debt Ratings

From time to time in the past, we have accessed public and private credit markets and raised capital in underwritten bond financings. The funds raised have been used by us for general corporate purposes, including for our existing businesses and new investment opportunities. In addition, the ratings of Jefferies are a factor considered by rating agencies that rate the debt of our subsidiary companies, including Jefferies Group, whose access to external financing is important to its day to day operations. Ratings issued by bond rating agencies, subject to change at any time. Our long-term debt ratings at February 28, 2022 are as follows:

	Rating	Outlook
Moody's Investors Service	Baa2	Stable
Standard and Poor's	BBB	Stable
Fitch Ratings (1)	BBB	Positive

(1) On January 24, 2022, Fitch Ratings affirmed our rating of BBB and revised our rating outlook from stable to positive.

Consolidated Statements of Cash Flows

As discussed above, we have historically relied on our available liquidity to meet short-term and long-term needs, and to make acquisitions of new businesses and investments. Except as otherwise disclosed herein, our operating businesses do not generally require significant funds to support their operating activities. The mix of our operating businesses and investments can change frequently as a result of acquisitions or divestitures, the timing of which is impossible to predict but which often have a significant impact on the Consolidated Statements of Cash Flows in any one period. Further, the timing and amounts of distributions from investments in associated companies may be outside our control. As a result, reported cash flows from operating, investing and financing activities do not generally follow any particular pattern or trend, and reported results in the most recent period should not be expected to recur in any subsequent period.

The following table provides a summary of our cash flows (in thousands):

	For the Three Months Ended February 28,	
	2022	2021
Cash, cash equivalents and restricted cash at beginning of period	$ 11,828,304	$ 9,664,972
Net cash used for operating activities	(1,215,328)	(1,495,938)
Net cash used for investing activities	(105,078)	(32,340)
Net cash provided by (used for) financing activities	(1,083,380)	1,069,653
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(467)	3,886
Cash, cash equivalents and restricted cash at end of period	$ 9,424,051	$ 9,210,233

During the first quarter of 2022, net cash used for operating activities primarily reflects funds used by Jefferies Group of $1.18 billion.

During the first quarter of 2021, net cash used for operating activities primarily relates to funds used by Jefferies Group of $1.54 billion.

During the first quarter of 2022, net cash used for investing activities principally reflects $301.1 million of loans to and investments in associated companies and $259.2 million of capital distributions and loan repayments from associated companies.

During the first quarter of 2021, net cash used for investing activities principally reflects $914.5 million of loans to and investments in associated companies and $969.8 million of capital distributions and loan repayments from associated companies.

During the first quarter of 2022, net cash used for financing activities primarily relates to funds used by Jefferies Group of $711.0 million, including funds used for the repayment of debt of $737.6 million and payments on other secured financings of $934.0 million, offset by funds provided by the issuance of debt of $913.5 million. Additionally, funds used for financing activities includes funds used to repurchase common shares for treasury of $338.1 million and funds used to pay dividends of $72.3 million.

During the first quarter of 2021, net cash provided by financing activities primarily relates to funds provided by Jefferies Group of $1.20 billion, including funds provided by the issuance of debt of $378.0 million and proceeds from other secured financings of $1.03 billion, partially offset by funds used for the repayment of debt of $206.2 million. Additionally, funds provided by financing activities includes proceeds from other secured financings of $186.6 million at Foursight. This was partially offset by funds used to repurchase common shares for treasury of $130.1 million, funds used for the repayment of debt of $183.4 million at Foursight and funds used to pay dividends of $49.8 million.

Jefferies Group Liquidity

General

The Chief Financial Officer and Global Treasurer of Jefferies Group are responsible for developing and implementing liquidity, funding and capital management strategies for Jefferies Group. These policies are determined by the nature and needs of day to day business operations, business opportunities, regulatory obligations and liquidity requirements.

The actual levels of capital, total assets and financial leverage are a function of a number of factors, including asset composition, business initiatives and opportunities, regulatory requirements and cost and availability of both long-term and short-term funding. Jefferies Group has historically maintained a balance sheet consisting of a large portion of total assets in cash and liquid marketable securities, arising principally from traditional securities brokerage and trading activity. The liquid nature of these assets provides flexibility in financing and managing our business.

Jefferies Group maintains modest leverage to support its investment grade ratings. The growth of its balance sheet is supported by its equity and we have quantitative metrics in place to monitor leverage and double leverage. Jefferies Group's capital plan is robust, in order to sustain its operating model through stressed conditions. We maintain adequate financial resources to support business activities in both normal and stressed market conditions, including a buffer in excess of regulatory, or other internal or external, requirements. Jefferies Group's access to funding and liquidity is stable and efficient to ensure that there is sufficient liquidity to meet its financial obligations in normal and stressed market conditions.

A business unit level balance sheet and cash capital analysis are prepared and reviewed with senior management on a weekly basis. As a part of this balance sheet review process, capital is allocated to all assets and gross balance sheet limits are adjusted, as necessary. This process ensures that the allocation of capital and costs of capital are incorporated into business decisions. The goals of this process are to protect the firm's platform, enable the businesses to remain competitive, maintain the ability to manage capital proactively and hold businesses accountable for both balance sheet and capital usage.

We actively monitor and evaluate our financial condition and the composition of assets and liabilities. The overall securities inventory is continually monitored, including the inventory turnover rate, which confirms the liquidity of overall assets. Substantially all of Jefferies Group's financial instruments are valued on a daily basis and we monitor and employ balance sheet limits for its various businesses.

At February 28, 2022, the Consolidated Statement of Financial Condition includes Jefferies Group's Level 3 financial instruments owned, at fair value that are approximately 2.5% of total financial instruments owned, at fair value.

Securities financing assets and liabilities include financing for financial instruments trading activity, matched book transactions and mortgage finance transactions. Matched book transactions accommodate customers, as well as obtain securities for the settlement and financing of inventory positions.

The following table presents period end balance, average balance and maximum balance at any month end within the periods presented for Securities purchased under agreements to resell and Securities sold under agreements to repurchase (in millions):

	Three Months Ended February 28, 2022	Year Ended November 30, 2021
Securities purchased under agreements to resell:		
Period end	$ 6,557	$ 7,642
Month end average	8,048	9,425
Maximum month end	10,095	12,321
Securities sold under agreements to repurchase:		
Period end	$ 8,934	$ 8,446
Month end average	13,115	11,515
Maximum month end	17,417	19,207

Fluctuations in the balance of repurchase agreements from period to period and intraperiod are dependent on business activity in those periods. Additionally, the fluctuations in the balances of securities purchased under agreements to resell are influenced in any given period by our clients' balances and our clients' desires to execute collateralized financing arrangements via the repurchase market or via other financing products. Average balances and period end balances will fluctuate based on market and liquidity conditions and we consider the fluctuations intraperiod to be typical for the repurchase market.

Liquidity Management

The key objectives of Jefferies Group's liquidity management framework are to support the successful execution of its business strategies while ensuring sufficient liquidity through the business cycle and during periods of financial distress. The liquidity management policies are designed to mitigate the potential risk that adequate financing may not be accessible to service financial obligations without material franchise or business impact.

The principal elements of Jefferies Group's liquidity management framework are the Contingency Funding Plan, the Cash Capital Policy and the assessment of Modeled Liquidity Outflow.

Contingency Funding Plan. Jefferies Group's Contingency Funding Plan is based on a model of a potential liquidity contraction over a one year time period. This incorporates potential cash outflows during a market or our idiosyncratic liquidity stress event, including, but not limited to, the following:

- Repayment of all unsecured debt maturing within one year and no incremental unsecured debt issuance;
- Maturity rolloff of outstanding letters of credit with no further issuance and replacement with cash collateral;
- Higher margin requirements than currently exist on assets on securities financing activity, including repurchase agreements;
- Liquidity outflows related to possible credit downgrade;
- Lower availability of secured funding;
- Client cash withdrawals;
- The anticipated funding of outstanding investment and loan commitments; and
- Certain accrued expenses and other liabilities and fixed costs.

Cash Capital Policy. A cash capital model is maintained that measures long-term funding sources against requirements. Sources of cash capital include equity and the noncurrent portion of long-term borrowings. Uses of cash capital include the following:

- Illiquid assets such as equipment, goodwill, net intangible assets, exchange memberships, deferred tax assets and certain investments;
- A portion of securities inventory that is not expected to be financed on a secured basis in a credit stressed environment (i.e., margin requirements); and
- Drawdowns of unfunded commitments.

To ensure that inventory does not need to be liquidated in the event of a funding stress, we seek to maintain surplus cash capital. Jefferies Group's total long-term capital of $14.93 billion at February 28, 2022 exceeded its cash capital requirements.

Modeled Liquidity Outflow. Jefferies Group's businesses are diverse, and its liquidity needs are determined by many factors, including market movements, collateral requirements and client commitments, all of which can change dramatically in a difficult funding environment. During a liquidity stress, credit-sensitive funding, including unsecured debt and some types of secured financing agreements, may be unavailable, and the terms (e.g., interest rates, collateral provisions and tenor) or availability of other types of secured financing may change. As a result of Jefferies Group's policy to ensure it has sufficient funds to cover estimates of what may be needed in a liquidity stress, Jefferies Group holds more cash and unencumbered securities and has greater long-term debt balances than the businesses would otherwise require. As part of this estimation process, Jefferies Group calculates a Modeled Liquidity Outflow that could be experienced in a liquidity stress. Modeled Liquidity Outflow is based on a scenario that includes both a market-wide stress and firm-specific stress.

Based on the sources and uses of liquidity calculated under the Modeled Liquidity Outflow scenarios, Jefferies Group determines, based on a calculated surplus or deficit, additional long-term funding that may be needed versus funding through the repurchase financing market and consider any adjustments that may be necessary to Jefferies Group's inventory balances and cash holdings. At February 28, 2022, Jefferies Group had sufficient excess liquidity to meet all contingent cash outflows detailed in the Modeled Liquidity Outflow. Jefferies Group regularly refines its model to reflect changes in market or economic conditions and the firm's business mix.

Sources of Liquidity

Within Jefferies Group, the following are financial instruments that are cash and cash equivalents or are deemed by management to be generally readily convertible into cash, marginable or accessible for liquidity purposes within a relatively short period of time, as reflected in the Consolidated Statements of Financial Condition (in thousands):

	February 28, 2022	Average Balance First Quarter 2022 (1)	November 30, 2021
Cash and cash equivalents:			
Cash in banks	$ 1,950,784	$ 3,093,045	$ 1,888,693
Money market investments (2)	4,768,864	3,762,995	6,924,871
Total cash and cash equivalents	6,719,648	6,856,040	8,813,564
Other sources of liquidity:			
Debt securities owned and securities purchased under agreements to resell (3)	1,376,826	1,520,549	1,621,118
Other (4)	440,075	536,894	311,641
Total other sources	1,816,901	2,057,443	1,932,759
Total cash and cash equivalents and other liquidity sources	$ 8,536,549	$ 8,913,483	$ 10,746,323

(1) Average balances are calculated based on weekly balances.

(2) At February 28, 2022 and November 30, 2021, $4.75 billion and $6.91 billion, respectively, was invested in U.S. government money funds that invest at least 99.5% of its total assets in cash, securities issued by the U.S. government and U.S. government-sponsored entities, and repurchase agreements that are fully collateralized by cash or government securities. The remaining $14.9 million at both February 28, 2022 and November 30, 2021 are invested in AAA rated prime money funds. The average balance of U.S. government money funds for the quarter ended February 28, 2022 was $3.75 billion.

(3) Consists of high quality sovereign government securities and reverse repurchase agreements collateralized by U.S. government securities and other high quality sovereign government securities; deposits with a central bank within the European Economic Area, United Kingdom ("U.K."), Canada, Australia, Japan, Switzerland or the U.S.; and securities issued by a designated multilateral development bank and reverse repurchase agreements with underlying collateral comprised of these securities.

(4) Other includes unencumbered inventory representing an estimate of the amount of additional secured financing that could be reasonably expected to be obtained from financial instruments owned that are currently not pledged after considering reasonable financing haircuts.

In addition to the cash balances and liquidity pool presented above, the majority of financial instruments (both long and short) in Jefferies Group's trading accounts are actively traded and readily marketable. At February 28, 2022, repurchase financing can be readily obtained for 70.1% of Jefferies Group's inventory at haircuts of 10% or less, which reflects the liquidity of the inventory. In addition, as a matter of our policy, all of these assets have internal capital assessed, which is in addition to the funding haircuts provided in the securities finance markets. Additionally, certain of Jefferies Group's financial instruments owned primarily consisting of bank loans, consumer loans and investments are predominantly funded by Jefferies Group's long-term capital. Under Jefferies Group's cash capital policy, capital allocation levels are modeled that are more stringent than the haircuts used in the market for secured funding; and surplus capital is maintained at these more stringent levels. We continually assess the liquidity of Jefferies Group's inventory based on the level at which Jefferies Group could obtain financing in the marketplace for a given asset. Assets are considered to be liquid if financing can be obtained in the repurchase market or the securities lending market at collateral haircut levels of 10% or less.

The following summarizes Jefferies Group's financial instruments owned by asset class that are considered to be of a liquid nature and the amount of such assets that have not been pledged as collateral as reflected in the Consolidated Statements of Financial Condition (in thousands):

	February 28, 2022		November 30, 2021	
	Liquid Financial Instruments	Unencumbered Liquid Financial Instruments (2)	Liquid Financial Instruments	Unencumbered Liquid Financial Instruments (2)
Corporate equity securities	$ 3,126,673	$ 480,834	$ 2,635,956	$ 347,157
Corporate debt securities	2,933,603	38,136	2,943,135	31,935
U.S. government, agency and municipal securities	4,298,247	139,104	3,610,885	109,325
Other sovereign obligations	1,997,961	1,178,684	1,528,100	1,463,968
Agency mortgage-backed securities (1)	2,331,142	—	1,487,165	—
Loans and other receivables	261,704	—	132,989	—
Total	$ 14,949,330	$ 1,836,758	$ 12,338,230	$ 1,952,385

(1) Consists solely of agency mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal National Mortgage Association ("Fannie Mae") and the Government National Mortgage Association ("Ginnie Mae").
(2) Unencumbered liquid balances represent assets that can be sold or used as collateral for a loan, but have not been.

In addition to being able to be readily financed at reasonable haircut levels, it is estimated that each of the individual securities within each asset class above could be sold into the market and converted into cash within three business days under normal market conditions, assuming that the entire portfolio of a given asset class was not simultaneously liquidated. There are no restrictions on the unencumbered liquid securities, nor have they been pledged as collateral.

Sources of Funding and Capital Resources

Jefferies Group's assets are funded by equity capital, senior debt, securities loaned, securities sold under agreements to repurchase, customer free credit balances, bank loans and other payables.

Secured Financing

Readily available secured funding is used to finance Jefferies Group's inventory of financial instruments. Jefferies Group's ability to support increases in total assets is largely a function of the ability to obtain short and intermediate-term secured funding, primarily through securities financing transactions. Repurchase or reverse repurchase agreements (collectively "repos"), respectively, are used to finance a portion of long inventory and cover some of short inventory by pledging and borrowing securities. At February 28, 2022, approximately 66.0% of Jefferies Group's cash and noncash repurchase financing activities used collateral that was considered eligible collateral by central clearing corporations. During the first quarter of 2022, an average of approximately 68.7% of Jefferies Group's cash and noncash repurchase financing activities used collateral that was considered eligible collateral by central clearing corporations. Central clearing corporations are situated between participating members who borrow cash and lend securities (or vice versa); accordingly, repo participants contract with the central clearing corporation and not one another individually. Therefore, counterparty credit risk is borne by the central clearing corporation which mitigates the risk through initial margin demands and variation margin calls from repo participants. The

comparatively large proportion of Jefferies Group's total repo activity that is eligible for central clearing reflects the high quality and liquid composition of the inventory Jefferies Group carries in its trading books. For those asset classes not eligible for central clearing house financing, Jefferies Group seeks to execute its bi-lateral financings on an extended term basis and the tenor of Jefferies Group's repurchase and reverse repurchase agreements generally exceeds the expected holding period of the assets Jefferies Group is financing. The weighted average maturity of cash and noncash repurchase agreements for non-clearing corporation eligible funded inventory is approximately seven months at February 28, 2022.

Jefferies Group's ability to finance its inventory via central clearinghouses and bi-lateral arrangements is augmented by Jefferies Group's ability to draw bank loans on an uncommitted basis under its various banking arrangements. At February 28, 2022, short-term borrowings, which must be repaid within one year or less totaled $467.9 million and include bank loans and overdrafts of $61.1 million, borrowings under revolving credit facilities of $400.0 million and floating rate puttable notes of $6.8 million. Interest under the bank lines is generally at a spread over the federal funds rate. Letters of credit are used in the normal course of business mostly to satisfy various collateral requirements in favor of exchanges in lieu of depositing cash or securities. Average daily short-term borrowings outstanding for Jefferies Group were $392.5 million for the first quarter of 2022.

Jefferies Group's borrowings under credit facilities contain certain covenants that, among other things, require it to maintain a specified level of tangible net worth, require a minimum regulatory net capital requirement for its U.S. broker-dealer, Jefferies LLC, and impose certain restrictions on the future indebtedness of certain of its subsidiaries that are borrowers. Interest is based on rates at spreads over the federal funds rate or other adjusted rates, as defined in the various credit agreements, or at a rate as agreed between the bank and Jefferies Group in reference to the bank's cost of funding. At February 28, 2022, Jefferies Group was in compliance with all covenants under these credit facilities.

In addition to the above financing arrangements, Jefferies Group issues notes backed by eligible collateral under master repurchase agreements, which provides an additional financing source for its inventory ("repurchase agreement financing program"). Jefferies Group also issues notes through SPEs collateralized by automobile loans. The notes issued under the program are presented within Other secured financings in the Consolidated Statements of Financial Condition. At February 28, 2022, the outstanding notes were $3.55 billion, bear interest at spreads over the London Interbank Offered Rate ("LIBOR") or as stated in agreements and mature from March 2022 to August 2029.

Long-Term Debt

Jefferies Group's long-term debt reflected in the Consolidated Statement of Financial Condition at February 28, 2022 is $7.89 billion.

During the first quarter of 2022, Jefferies Group's long-term debt decreased by $151.9 million, primarily due to fair value changes in its structured notes and decreases on its senior notes associated with interest rate swaps based on their designation as fair value hedges, partially offset by structured notes issuances, net of retirements, of approximately $71.2 million. At February 28, 2022, all of Jefferies Group's structured notes contain various interest rate payment terms and are accounted for at fair value, with changes in fair value resulting from a change in the instrument-specific credit risk presented in Accumulated other comprehensive income (loss) and changes in fair value resulting from non-credit components recognized in Principal transactions revenue. The fair value of all of Jefferies Group's structured notes at February 28, 2022 was $1.76 billion.

At February 28, 2022, Jefferies Group's borrowings under several credit facilities classified within Long-term debt in the Consolidated Statement of Financial Condition amounted to $958.2 million. Interest on these credit facilities is based on adjusted LIBOR rates or other adjusted rates, as defined in the various credit agreements. The credit facility agreements contain certain covenants that, among other things, require Jefferies Group to maintain specified levels of tangible net worth and liquidity amounts, and impose certain restrictions on future indebtedness of and require specified levels of regulated capital and cash reserves for certain of its subsidiaries. At February 28, 2022, Jefferies Group was in compliance with all covenants under theses credit facilities.

In addition, one of Jefferies Group's subsidiaries has a Loan and Security Agreement with a bank for a term loan ("Jefferies Group Secured Bank Loan"). At February 28, 2022, borrowings under the Jefferies Group Secured Bank Loan amounted to $100.0 million and are also classified within Long-term debt in the Consolidated Statement of Financial Condition. The Jefferies Group Secured Bank Loan matures on September 13, 2024 and is collateralized by certain trading securities. Interest on the Jefferies Group Secured Bank Loan is 1.25% plus LIBOR. The agreement contains certain covenants that, among other things, restrict lien or encumbrance upon any of the pledged collateral. At February 28, 2022, Jefferies Group was in compliance with all covenants under the Jefferies Group Secured Bank Loan.

At February 28, 2022, Jefferies Group's unsecured long-term debt, has a weighted average maturity of approximately 10.5 years.

Jefferies Group's long-term debt ratings at February 28, 2022 are as follows:

	Rating	Outlook
Moody's Investors Service	Baa2	Stable
Standard and Poor's	BBB	Stable
Fitch Ratings (1)	BBB	Positive

(1) On January 24, 2022, Fitch Ratings affirmed Jefferies Group's rating of BBB and revised its rating outlook from stable to positive.

Jefferies Group's access to external financing to finance its day to day operations, as well as the cost of that financing, is dependent upon various factors, including its debt ratings. Jefferies Group's current debt ratings are dependent upon many factors, including industry dynamics, operating and economic environment, operating results, operating margins, earnings trend and volatility, balance sheet composition, liquidity and liquidity management, capital structure, overall risk management, business diversification and market share and competitive position in the markets in which it operates. Deterioration in any of these factors could impact Jefferies Group's credit ratings. While certain aspects of a credit rating downgrade are quantifiable pursuant to contractual provisions, the impact on business and trading results in future periods is inherently uncertain and depends on a number of factors, including the magnitude of the downgrade, the behavior of individual clients and future mitigating action taken by us.

In connection with certain over-the-counter derivative contract arrangements and certain other trading arrangements, Jefferies Group may be required to provide additional collateral to counterparties, exchanges and clearing organizations in the event of a credit rating downgrade. At February 28, 2022, the amount of additional collateral that could be called by counterparties, exchanges and clearing organizations under the terms of such agreements in the event of a downgrade of Jefferies Group's long-term credit rating below investment grade was $122.2 million. For certain foreign clearing organizations, credit rating is only one of several factors employed in determining collateral that could be called. The above represents management's best estimate for additional collateral to be called in the event of a credit rating downgrade. The impact of additional collateral requirements is considered in Jefferies Group's Contingency Funding Plan and calculation of Modeled Liquidity Outflow, as described above.

Ratings issued by credit rating agencies are subject to change at any time.

Net Capital

Jefferies Group operates a broker-dealer, Jefferies LLC, registered with the Securities and Exchange Commission ("SEC") and a member firm of the Financial Industry Regulatory Authority ("FINRA"). Jefferies LLC is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital and has elected to calculate minimum capital requirements using the alternative method permitted by Rule 15c3-1 in calculating net capital. Jefferies LLC, as a dually-registered U.S. broker-dealer and futures commission merchant ("FCM"), is also subject to Rule 1.17 of the Commodity Futures Trading Commission ("CFTC"), which sets forth minimum financial requirements. The minimum net capital requirement in determining excess net capital for a dually-registered U.S. broker-dealer and FCM is equal to the greater of the requirement under Rule 15c3-1 or CFTC Rule 1.17. FINRA is the designated examining authority for Jefferies LLC and the National Futures Association ("NFA") is the designated self-regulatory organization for Jefferies LLC as an FCM.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") contains provisions that require the registration of all swap dealers, major swap participants, security-based swap dealers, and/or major security-based swap participants. One of Jefferies Group's subsidiaries, Jefferies Financial Services, Inc. ("JFSI"), a registered swap dealer, is subject to the CFTC's regulatory capital requirements and holds regulatory capital in excess of the minimum regulatory requirement. Additionally, JFSI is registered as a security-based swap dealer with the SEC and is subject to the SEC's security-based swap dealer regulatory rules. Further, JFSI is approved by the SEC as an OTC derivatives dealer, and is subject to compliance with the SEC's net capital requirements. As a security-based swap dealer and swap dealer, JFSI is subject to the net capital requirements of the SEC, CFTC and the NFA, as a member of the NFA. JFSI is required to maintain minimum net capital, as defined under SEC Rule 18a-1 of not less than the greater of 2% of the risk margin amount, as defined, or $20 million.

Jefferies LLC's net capital and excess net capital at February 28, 2022 were $1.79 billion and $1.68 billion, respectively. JFSI's net capital and excess net capital at February 28, 2022 were $427.6 million and $407.6 million, respectively.

Certain other U.S. and non-U.S. subsidiaries of Jefferies Group are subject to capital adequacy requirements as prescribed by the regulatory authorities in their respective jurisdictions, including Jefferies International Limited which is subject to the regulatory supervision and requirements of the Financial Conduct Authority in the U.K.

The regulatory capital requirements referred to above may restrict Jefferies Group's ability to withdraw capital from its regulated subsidiaries.

Some of our other consolidated subsidiaries also have credit agreements which may restrict the payment of cash dividends, or the ability to make loans or advances to the parent company.

Other Developments

In February 2022, military conflict escalated between Russia and Ukraine. Following Russia's invasion of Ukraine, the U.S., the U.K., and the European Union governments, among others, have developed coordinated financial and economic sanctions targeting Russia that, in various ways constrain transactions with numerous Russian entities, including major Russian banks, and individuals; transactions in Russian sovereign debt; and investment, trade and financing to, from, or in certain regions of Ukraine. We do not have any operations in Russia or any clients with significant Russian operations and we have minimal market risk related to securities of companies either domiciled or operating in Russia. On February 24, 2022, the Central Bank of Russia suspended all trading on the Moscow Exchange. Additionally, all foreign clients are banned from selling securities. As a result, Jefferies Group has trades to buy and sell securities that were executed prior to the suspension of trading that are currently unable to be settled. While limited trading for certain securities has resumed as of March 21, 2022, there is no timeline as to when the exchange will be fully operational and the settlement of all open trades may occur. We continue to monitor the status of trading and the credit risk of our counterparties on the unsettled trades. It is not possible to determine whether any loss is probable; however, we believe that any amount of loss or range of potential loss that could be reasonably estimated is not material.

Central banks and regulators around the world have convened working groups to find, and implement the transition to, suitable replacements for Interbank Offered Rates ("IBORs"). The publication of the one-week and two-month U.S. Dollar LIBOR maturities and all non-U.S. Dollar LIBOR maturities ceased immediately after December 31, 2021, and the remaining U.S. Dollar LIBOR maturities will cease immediately after June 30, 2023. Jefferies Group is a counterparty to a number of LIBOR-based contracts, with maturity dates subsequent to 2021, composed primarily of cleared derivative contracts and floating rate notes. Our IBOR transition plan is overseen by a global steering committee and we have an active transition program focused on an orderly transition from IBORs to alternative reference rates in accordance with industry transition timelines. A firmwide LIBOR transition policy is in place to limit new agreements that reference U.S. Dollar LIBOR or non-U.S Dollar LIBOR, except as permitted under certain circumstances. We continue to make progress on our transition plan, which is designed to enable operational readiness and robust risk management and are taking steps to update operational processes, models and contracts for any changes that may be required as well as reduce our overall exposure to LIBOR. We are actively engaged with our counterparties to ensure that our contracts adhere to the International Swaps and Derivative Association, Inc. fallback protocol or are actively converted to alternative risk-free reference rates and are both educating and assisting our clients with the transition from and cessation of LIBOR.

Off-Balance Sheet Risk

Jefferies Group has contractual commitments arising in the ordinary course of business for securities loaned or purchased under agreements to resell, repurchase agreements, future purchases and sales of foreign currencies, securities transactions on a when-issued basis and underwriting. Each of these financial instruments and activities contains varying degrees of off-balance sheet risk whereby the fair values of the securities underlying the financial instruments may be in excess of, or less than, the contract amount. The settlement of these transactions is not expected to have a material effect upon our consolidated financial statements.

In the normal course of business, we engage in other off-balance sheet arrangements, including derivative contracts. Neither derivatives' notional amounts nor underlying instrument values are reflected as assets or liabilities in the Consolidated Statements of Financial Condition. Rather, the fair values of derivative contracts are reported in the Consolidated Statements of Financial Condition as Financial instruments owned, at fair value, or Financial instruments sold, not yet purchased, at fair value, as applicable. Derivative contracts are reflected net of cash paid or received pursuant to credit support agreements and are reported on a net by counterparty basis when a legal right of offset exists under an enforceable master netting agreement.

Cautionary Statement for Forward-Looking Information

This report contains or incorporates by reference "forward-looking statements" within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements about our future and statements that are not historical facts. These forward-looking statements are usually preceded by the words "will," "could," "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words or similar expressions. Forward-looking statements may contain expectations regarding revenues, earnings, operations and other results, and may include statements of future performance, plans and objectives. Forward-looking statements include statements pertaining to our strategies for future development of our businesses and products. Forward-looking statements represent only our belief regarding future events, many of which by their nature are inherently uncertain. Future events and actual results could differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Information regarding important factors that could cause actual results to differ, perhaps materially, from those in our forward-looking statements is contained in this report and other documents we file. You should read and interpret any forward-looking statement together with these documents, including the following:

- The description of our business and risk factors contained in our Annual Report on Form 10-K for the fiscal year ended November 30, 2021 and filed with the SEC on January 28, 2022 (the "2021 10-K");
- The discussion and analysis of financial condition and result of operations contained in this report under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein;
- The notes to the consolidated financial statements in this report; and
- Cautionary statements we make in our public documents, reports and announcements.

Any forward-looking statement speaks only as of the date on which that statement is made. We will not update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The following includes "forward-looking statements" that involve risk and uncertainties. See "Cautionary Statement for Forward-Looking Information" above. Actual results could differ materially from those projected in the forward-looking statements. The discussion of risk is presented separately for Jefferies Group and the balance of our company. Exclusive of Jefferies Group, our market risk arises principally from equity price risk. Information related thereto required under this Item is contained in Item 7A in our 2021 10-K, and is incorporated by reference herein.

Excluding Jefferies Group, Financial instruments owned, at fair value include corporate equity securities with an aggregate fair value of $257.7 million at February 28, 2022. Assuming a decline of 10% in market prices, the value of these investments could decrease by approximately $25.8 million.

Jefferies Group

Overview

Risk is an inherent part of our business and activities. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our activities is critical to our financial soundness, viability and profitability. Accordingly, we have a comprehensive risk management approach, with a formal governance structure and policies outlining frameworks and processes to identify, assess, monitor and manage risk. Principal risks involved in our business activities include market, credit, liquidity and capital, operational, legal and compliance, new business and reputational risk.

Risk management is a multifaceted process that requires communication, judgment and knowledge of financial products and markets. Our risk management process encompasses the active involvement of executive and senior management, and also many departments independent of the revenue-producing business units, including Jefferies Group's Risk Management, Operations, Information Technology, Compliance, Legal and Finance Departments. Our risk management policies, procedures and methodologies are flexible in nature and are subject to ongoing review and modification.

In achieving our strategic business objectives, our risk appetite incorporates keeping our clients' interests as top priority and ensuring we are in compliance with applicable laws, rules and regulations, as well as adhering to the highest ethical standards. We undertake prudent risk-taking that protects the capital base and franchise, utilizing risk limits and tolerances that avoid outsized risk-taking. We maintain a diversified business mix and avoid significant concentrations to any sector, product, geography, or activity and set quantitative concentration limits to manage this risk. We consider contagion, second order effects and correlation in our risk assessment process and actively seek out value opportunities of all sizes. We manage the risk of opportunities larger than our approved risk levels through risk sharing and risk distribution, sell-down and hedging, as appropriate. We have a limited appetite for illiquid assets and complex derivative financial instruments. We maintain the asset quality of our balance sheet through conducting trading activity in liquid markets and generally ensure high turnover of our inventory. We subject less liquid positions and derivative financial instruments to particular scrutiny and use a wide variety of specific metrics, limits, and constraints to manage these risks. We protect our reputation and franchise, as well as our standing within the market. We operate a federated approach to risk management and assign risk oversight responsibilities to a number of functions with specific areas of focus.

For a discussion of liquidity and capital risk management, refer to the "Liquidity and Capital Resources" section herein.

Governance and Risk Management Structure

For a discussion of our governance and risk management structure and our risk management framework, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management" in Part II, Item 7 of the 2021 10-K.

Risk Considerations

We apply a comprehensive framework of limits on a variety of key metrics to constrain the risk profile of our business activities. The size of the limits reflects our risk appetite for a certain activity under normal business conditions. Key metrics included in our risk management framework include inventory position and exposure limits on a gross and net basis, scenario analysis and stress tests, Value-at-Risk ("VaR"), sensitivities, exposure concentrations, aged inventory, Level 3 assets, counterparty exposure, leverage and cash capital.

Market Risk

Market risk is defined as the risk of loss due to fluctuations in the market value of financial assets and liabilities attributable to changes in market variables.

Our market risk principally arises from interest rate risk, from exposure to changes in the yield curve, the volatility of interest rates, and credit spreads, and from equity price risks from exposure to changes in prices and volatilities of individual equities, equity baskets and equity indices. In addition, commodity price risk results from exposure to the changes in prices and volatilities of individual commodities, commodity baskets and commodity indices, and foreign exchange risk results from changes in foreign currency rates.

Market risk is present in our capital markets business through market-making, proprietary trading, underwriting, and investing activities, and is present in our asset management business through investments in separately managed accounts and direct investments in funds. Given our involvement in a broad set of financial products and markets, market risk exposures are diversified, and economic hedges are established as appropriate.

Market risk is monitored and managed through a set of key risk metrics such as VaR, stress scenarios, risk sensitivities and position exposures. Limits are set on the key risk metrics to monitor and control the risk exposure ensuring that it is in line with our risk appetite. Our risk appetite, including the market risk limits, is periodically reviewed to reflect business strategy and market environment. Through risk reporting, material risk changes, current top/emerging risks, and limit utilizations including the breaches are highlighted and escalated as necessary.

Trading is principally managed through front office trader mandates, where each trader is provided a specific mandate in line with our product registry. Mandates set out the activities, currencies, countries and products that the desk is permitted to trade in and set the limits applicable to the desk. Traders are responsible for knowing their trading limits and trading in a manner consistent with their mandate.

Value-at-Risk

VaR is a statistical estimate of the potential loss from adverse market movements over a specified time horizon within a specified probability (confidence level). It provides a common risk measure across financial instruments, markets and asset classes. We estimate VaR using a model that simulates revenue and loss distributions on Jefferies Group's trading portfolios by applying historical market changes to the current portfolio. Jefferies Group calculates a one day VaR using a one year look-back period measured at a 95% confidence level.

As with all measures of VaR, the estimate has inherent limitations due to the assumption that historical changes in market conditions are representative of the future. Furthermore, the VaR model measures the risk of a current static position over a one day horizon and might not capture the market risk over a longer time horizon where moves may be more extreme. Previous changes in market risk factors may not generate accurate predictions of future market movements. While we believe the assumptions and inputs in our risk model are reasonable, we could incur losses greater than the reported VaR. Consequently, this VaR estimate is only one of a number of tools we use in our daily risk management activities.

The table below shows firmwide VaR for each component of market risk by interest rate and credit spreads, equity, currency and commodity products using the past 365 days of historical data (in millions):

	Daily Firmwide VaR (1)							
Risk Categories	**VaR at February 28, 2022**	**Daily VaR for the Three Months Ended February 28, 2022**			**VaR at November 30, 2021**	**Daily VaR for the Three Months Ended November 30, 2021**		
		Average	**High**	**Low**		**Average**	**High**	**Low**
Interest Rates and Credit Spreads	$ 4.73	$ 5.02	$ 5.71	$ 4.17	$ 4.60	$ 4.28	$ 5.39	$ 3.38
Equity Prices	8.38	10.16	15.75	7.39	9.85	9.25	11.39	6.44
Currency Rates	0.04	0.15	0.34	0.03	0.12	0.06	0.12	0.03
Commodity Prices	0.45	0.25	0.56	0.12	0.15	0.23	0.45	0.13
Diversification Effect (2)	(3.16)	(3.46)	N/A	N/A	(2.06)	(3.68)	N/A	N/A
Firmwide VaR (3)	$ 10.44	$ 12.12	$ 15.04	$ 9.31	$ 12.66	$ 10.14	$ 12.77	$ 7.01

(1) For the VaR numbers reported above, a one day time horizon, with a one year look-back period, and a 95% confidence level were used.
(2) The diversification effect is not applicable for the maximum and minimum VaR values as Jefferies Group's firmwide VaR and the VaR values for the four risk categories might have occurred on different days during the period.

(3) The aggregated VaR presented here is less than the sum of the individual components (i.e., interest rate risk, foreign exchange rate risk, equity risk and commodity price risk) due to the benefit of diversification among the four risk categories. Diversification benefit equals the difference between aggregated VaR and the sum of VaRs for the four risk categories and arises because the market risk categories are not perfectly correlated.

The table below shows VaR for our capital markets trading activities, which excludes the impact on VaR for each component of market risk from our asset management activities by interest rate and credit spreads, equity, currency and commodity products using the past 365 days of historical data (in millions):

Daily Capital Markets VaR (1)

Risk Categories	VaR at February 28, 2022	Daily VaR for the Three Months Ended February 28, 2022			VaR at November 30, 2021	Daily VaR for the Three Months Ended November 30, 2021		
		Average	High	Low		Average	High	Low
Interest Rates and Credit Spreads	$ 4.58	$ 5.07	$ 6.07	$ 4.24	$ 4.63	$ 4.29	$ 5.27	$ 3.34
Equity Prices	6.13	8.45	12.41	6.07	5.20	4.63	5.31	3.90
Currency Rates	0.04	0.13	0.29	0.02	0.07	0.04	0.08	0.02
Commodity Prices	0.01	0.03	0.56	—	0.01	0.01	0.17	—
Diversification Effect (2)	(2.28)	(4.25)	N/A	N/A	(2.21)	(2.30)	N/A	N/A
Capital Markets VaR (3)	$ 8.48	$ 9.43	$ 11.55	$ 7.67	$ 7.70	$ 6.67	$ 8.01	$ 5.23

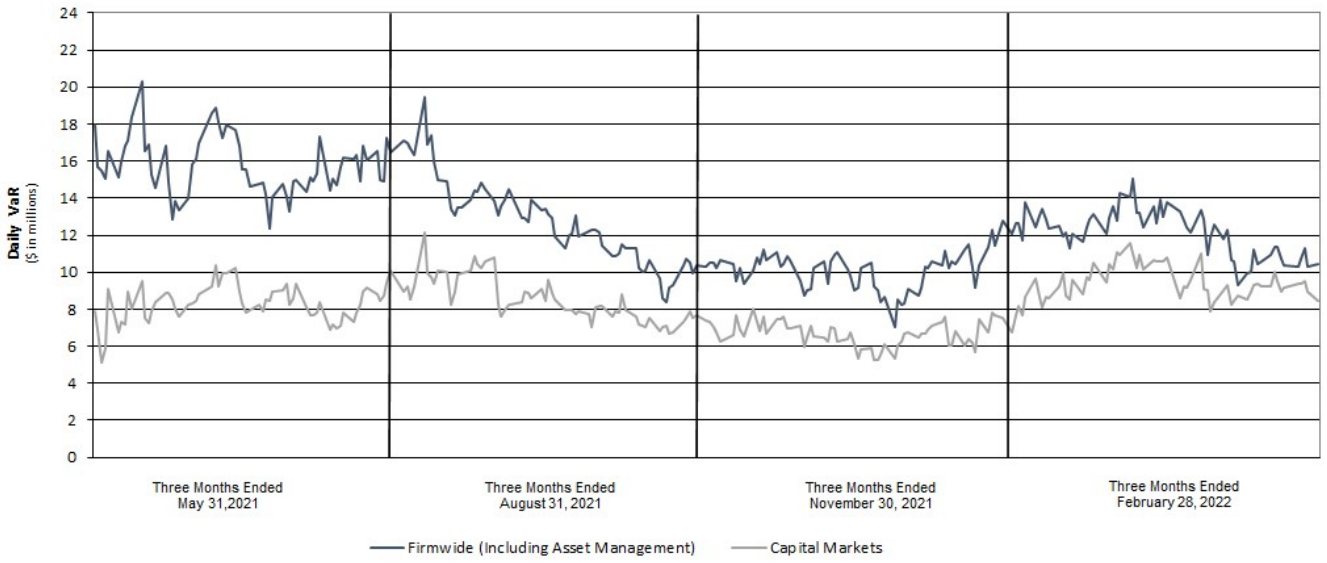
(1) For the capital markets VaR numbers reported above, a one day time horizon, with a one year look-back period, and a 95% confidence level were used.
(2) The diversification effect is not applicable for the maximum and minimum VaR values as Jefferies Group's capital markets VaR and the VaR values for the four risk categories might have occurred on different days during the period.
(3) The aggregated VaR presented here is less than the sum of the individual components (i.e., interest rate risk, foreign exchange rate risk, equity risk and commodity price risk) due to the benefit of diversification among the four risk categories. Diversification benefit equals the difference between aggregated VaR and the sum of VaRs for the four risk categories and arises because the market risk categories are not perfectly correlated.

Our average daily firmwide VaR increased to $12.12 million for the first quarter of 2022 from $10.14 million for the fourth quarter of 2021. The increase was primarily due to higher market volatility across asset classes. Equity price VaR was higher driven by a modest increase in exposure over the averaging period and due to the impact of market volatility. The increase in interest rates and credit spreads VaR was driven by elevated volatility.

The efficacy of the VaR model is tested by comparing the actual daily net revenues for those positions included in VaR calculation with the daily VaR estimate. This evaluation is performed at various levels, from the overall level down to specific business lines. For the VaR model, revenue is defined as principal transactions revenues, trading related commissions, revenue from securitization activities and net interest income. VaR backtesting methodologies differ for regulated entities with approved capital models.

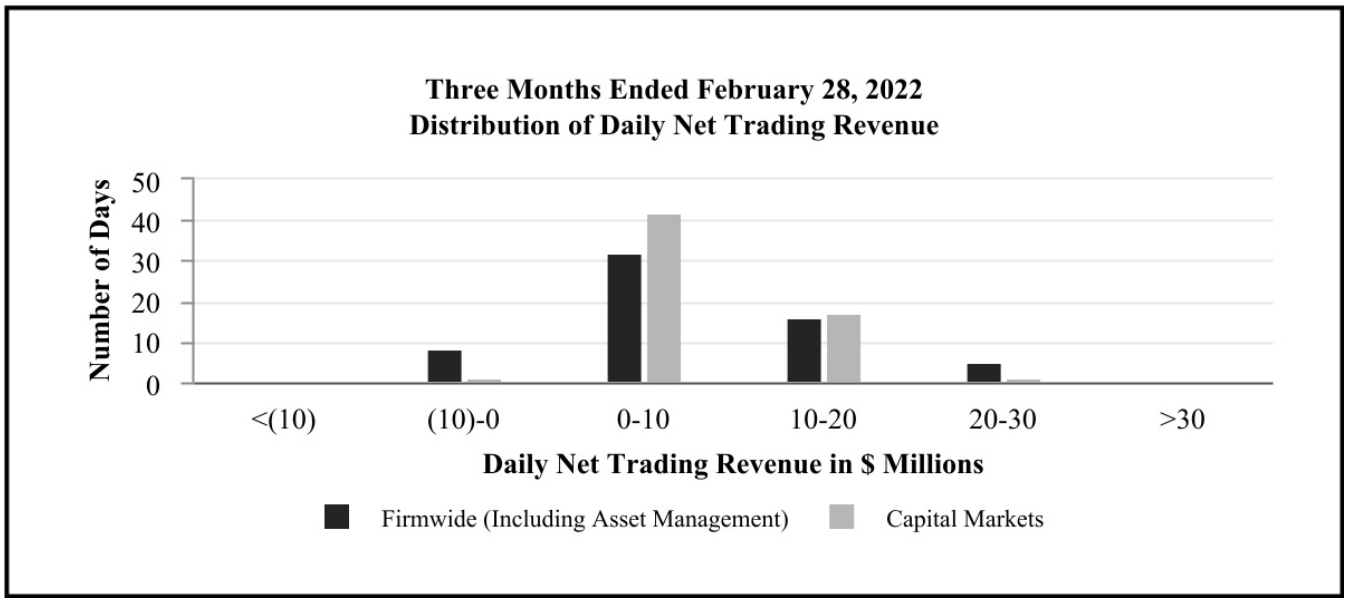
For a 95% confidence one day VaR model (i.e., no intra-day trading), assuming current changes in market value are consistent with the historical changes used in the calculation, losses would not be expected to exceed the VaR estimates more than twelve times on an annual basis (i.e., once in every 20 days). During the first quarter of 2022, results of the evaluation at the aggregate level demonstrated no days when the loss exceeded the 95% one day VaR.

The chart below shows our daily firmwide VaR and capital markets VaR over the last four quarters. VaR increases at various points from March 2021 through early June 2021 were driven by increases in equity exposure. VaR trended lower from June 2021 through most of the fourth quarter of 2021 due to position reductions and as the remaining volatile days from 2020 dropped out of the time series. The uptick in VaR towards the end of 2021 until early January 2022 was driven by increased equity exposure. The drop in VaR from January to the end of February 2022 was driven by exposure reductions in response to market volatility driven by inflation, rate hike expectations and Russia's invasion of Ukraine.



Daily Net Trading Revenue

There were eight days with trading losses out of a total of 61 trading days in the first quarter of 2022. The histogram below presents the distribution of Jefferies Group's actual daily net trading revenue for substantially all of its trading activities for the first quarter of 2022 (in millions).



Other Risk Measures

Sensitivity analysis is viewed as the most appropriate measure of risks for certain positions within financial instruments and therefore such positions are not included in the VaR model. Accordingly, Jefferies Group Risk Management has additional procedures in place to assure that the level of potential loss that would arise from market movements are within acceptable levels. Such procedures include performing stress tests and profit and loss analysis. The table below presents the potential reduction in net income associated with a 10% stress of the fair value of Jefferies Group's positions that are not included in the VaR model at February 28, 2022 (in thousands):

	10% Sensitivity
Investment in funds (1)	$ 115,941
Private investments	33,271
Corporate debt securities in default	8,097
Trade claims	2,181

(1) Includes investments in hedge funds, fund of funds and private equity funds. For additional information on these investments, see Note 3 in our consolidated financial statements.

VaR also excludes the impact of changes in Jefferies Group's own credit spreads on its structured notes for which the fair value option was elected. The estimated credit spread risk sensitivity for each one basis point widening in Jefferies Group's own credit spreads on financial liabilities for which the fair value option was elected was an increase in value of approximately $1.4 million at February 28, 2022, which is included in Accumulated other comprehensive income (loss).

Stress Tests and Scenario Analysis

Stress tests are used to analyze the potential impact of specific events or extreme market moves on the current portfolio both firmwide and within business segments. Stress testing is an important part of our risk management approach because it allows us to quantify our exposure to tail risks, highlight potential loss concentrations, undertake risk/reward analysis, set risk controls and overall assess and mitigate its risk.

We employ a range of stress scenarios, which comprise both historical market price and rate changes and hypothetical market environments, and generally involve simultaneous changes of many risk factors. Indicative market changes in our scenarios include, but are not limited to, a large widening of credit spreads, a substantial decline in equities markets, significant moves in selected emerging markets, large moves in interest rates and changes in the shape of the yield curve.

Unlike VaR, which measures potential losses within a given confidence interval, stress scenarios do not have an associated implied probability. Rather, stress testing is used to estimate the potential loss from market moves that tend to be larger than those embedded in the VaR calculation. Stress testing complements VaR to cover for potential limitations of VaR such as the breakdown in correlations, non-linear risks, tail risk and extreme events and capturing market moves beyond the confidence levels assumed in the VaR calculations.

Stress testing is performed and reported at least weekly as part of our risk management process and on an ad hoc basis in response to market events or concerns. Current stress tests provide estimated revenue and loss of the current portfolio through a range of both historical and hypothetical events. The stress scenarios are reviewed and assessed at least annually so that they remain relevant and up to date with market developments. Additional hypothetical scenarios are also conducted on a sub-portfolio basis to assess the impact of any relevant idiosyncratic stress events as needed.

Counterparty Credit Risk

Credit risk is the risk of loss due to adverse changes in a counterparty's credit worthiness or its ability or willingness to meet its financial obligations in accordance with the terms and conditions of a financial contract.

We are exposed to credit risk as a trading counterparty to other broker-dealers and customers, as a counterparty to derivative contracts, as a direct lender and through extending loan commitments and providing securities-based lending and as a member of exchanges and clearing organizations. Credit exposure exists across a wide-range of products, including cash and cash equivalents, loans, securities finance transactions and over-the-counter derivative contracts. The main sources of our credit risk are:

- Loans and lending arising in connection with our investment banking and capital markets activities, which reflects our exposure at risk on a default event with no recovery of loans. Current exposure represents loans that have been drawn by the borrower and lending commitments that are outstanding. In addition, credit exposures on forward settling traded loans are included within our loans and lending exposures for consistency with the balance sheet categorization of these items. Loans and lending also arise in

connection with our portion of Jefferies Group's Secured Revolving Credit Facility that is with Jefferies Group and Massachusetts Mutual Life Insurance Company, to be funded equally, to support loan underwritings by Jefferies Finance. See Note 8 for additional information on this facility. In addition, Jefferies Group has loans outstanding to certain of its officers and employees (none of whom are executive officers or directors). See Note 21 for additional information on these employee loans.

- Securities and margin financing transactions, which reflect our credit exposure arising from reverse repurchase agreements, repurchase agreements and securities lending agreements to the extent the fair value of the underlying collateral differs from the contractual agreement amount and from margin provided to customers.
- Over-the-counter derivatives, which are reported net by counterparty when a legal right of setoff exists under an enforceable master netting agreement. Over-the-counter derivative exposure is based on a contract at fair value, net of cash collateral received or posted under credit support agreements. In addition, credit exposures on forward settling trades are included within derivative credit exposures.
- Cash and cash equivalents, which include both interest-bearing and non-interest-bearing deposits at banks.

Credit is extended to counterparties in a controlled manner and in order to generate acceptable returns, whether such credit is granted directly or is incidental to a transaction. All extensions of credit are monitored and managed as a whole to limit exposure to loss related to credit risk. Credit risk is managed according to the Credit Risk Management Policy, which sets out the process for identifying counterparty credit risk, establishing counterparty limits, and managing and monitoring credit limits. The policy includes our approach for:

- Client on-boarding and approving counterparty credit limits;
- Negotiating, approving and monitoring credit terms in legal and master documentation;
- Determining the analytical standards and risk parameters for ongoing management and monitoring credit risk books;
- Actively managing daily exposure, exceptions and breaches; and
- Monitoring daily margin call activity and counterparty performance.

Counterparty credit exposure limits are granted within our credit ratings framework, as detailed in the Credit Risk Management Policy. Jefferies Group's Credit Risk Department assesses counterparty credit risk and sets credit limits at the counterparty master agreement level. Limits must be approved by appropriate credit officers and initiated in our credit and trading systems before trading commences. All credit exposures are reviewed against approved limits on a daily basis.

Jefferies Group's Secured Revolving Credit Facility, which supports loan underwritings by Jefferies Finance, is governed under separate policies other than the Credit Risk Management Policy and is approved by Jefferies Group's Board of Directors. The loans outstanding to certain of Jefferies Group's officers and employees are extended pursuant to a review by its most senior management.

Current counterparty credit exposures are summarized in the tables below and provided by credit quality, region and industry. Credit exposures presented take netting and collateral into consideration by counterparty and master agreement. Collateral taken into consideration includes both collateral received as cash as well as collateral received in the form of securities or other arrangements. Current exposure is the loss that would be incurred on a particular set of positions in the event of default by the counterparty, assuming no recovery. Current exposure equals the fair value of the positions less collateral. Issuer risk is the credit risk arising from inventory positions (for example, corporate debt securities and secondary bank loans). Issuer risk is included in our country risk exposure tables below.

The amounts in the tables below are for amounts included in the Consolidated Statements of Financial Condition at February 28, 2022 and November 30, 2021 (in millions).

Counterparty Credit Exposure by Credit Rating

	Loans and Lending		Securities and Margin Finance		OTC Derivatives		Total		Cash and Cash Equivalents		Total with Cash and Cash Equivalents	
	At		At		At		At		At		At	
	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021
AAA Range	$ —	$ —	$ 1.4	$ 0.8	$ —	$ —	$ 1.4	$ 0.8	$ 4,768.9	$ 6,924.9	$ 4,770.3	$ 6,925.7
AA Range	60.0	60.0	90.2	111.7	19.1	13.0	169.3	184.7	5.6	5.1	174.9	189.8
A Range	0.6	0.4	541.4	530.4	314.2	338.0	856.2	868.8	1,934.7	1,869.4	2,790.9	2,738.2
BBB Range	250.1	250.3	175.6	170.9	32.9	37.2	458.6	458.4	0.8	0.8	459.4	459.2
BB or Lower	40.8	40.0	9.6	11.4	41.2	71.0	91.6	122.4	0.1	0.1	91.7	122.5
Unrated	155.2	164.2	—	—	—	—	155.2	164.2	9.5	13.3	164.7	177.5
Total	$ 506.7	$ 514.9	$ 818.2	$ 825.2	$ 407.4	$ 459.2	$ 1,732.3	$ 1,799.3	$ 6,719.6	$ 8,813.6	$ 8,451.9	$ 10,612.9

Counterparty Credit Exposure by Region

	Loans and Lending		Securities and Margin Finance		OTC Derivatives		Total		Cash and Cash Equivalents		Total with Cash and Cash Equivalents	
	At		At		At		At		At		At	
	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021
Asia/Latin America/Other	$ 15.8	$ 14.9	$ 68.3	$ 63.7	$ 3.7	$ 0.9	$ 87.8	$ 79.5	$ 227.3	$ 268.1	$ 315.1	$ 347.6
Europe	0.4	0.3	249.3	300.8	51.5	66.4	301.2	367.5	71.5	57.0	372.7	424.5
North America	490.5	499.7	500.6	460.7	352.2	391.9	1,343.3	1,352.3	6,420.8	8,488.5	7,764.1	9,840.8
Total	$ 506.7	$ 514.9	$ 818.2	$ 825.2	$ 407.4	$ 459.2	$ 1,732.3	$ 1,799.3	$ 6,719.6	$ 8,813.6	$ 8,451.9	$ 10,612.9

Counterparty Credit Exposure by Industry

	Loans and Lending		Securities and Margin Finance		OTC Derivatives		Total		Cash and Cash Equivalents		Total with Cash and Cash Equivalents	
	At		At		At		At		At		At	
	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021	February 28, 2022	November 30, 2021
Asset Managers	$ —	$ —	$ —	$ —	$ 9.3	$ —	$ 9.3	$ —	$ 4,768.8	$ 6,924.9	$ 4,778.1	$ 6,924.9
Banks, Broker-dealers	250.7	250.7	558.7	602.9	357.3	388.9	1,166.7	1,242.5	1,950.8	1,888.7	3,117.5	3,131.2
Corporates	157.4	158.2	—	—	34.9	68.0	192.3	226.2	—	—	192.3	226.2
As Agent Banks	—	—	210.1	185.2	—	—	210.1	185.2	—	—	210.1	185.2
Other	98.6	106.0	49.4	37.1	5.9	2.3	153.9	145.4	—	—	153.9	145.4
Total	$ 506.7	$ 514.9	$ 818.2	$ 825.2	$ 407.4	$ 459.2	$ 1,732.3	$ 1,799.3	$ 6,719.6	$ 8,813.6	$ 8,451.9	$ 10,612.9

For additional information regarding credit exposure to over-the-counter derivative contracts, see Note 4 in the consolidated financial statements.

Country Risk Exposure

Country risk is the risk that events or developments that occur in the general environment of a country or countries due to economic, political, social, regulatory, legal or other factors, will affect the ability of obligors of the country to honor their obligations. We define the country of risk as the country of jurisdiction or domicile of the obligor, and monitor country risk resulting from both trading positions and counterparty exposure, which may not include the offsetting benefit of any financial instruments utilized to manage market risk.

The following tables reflect our top exposure to the sovereign governments, corporations and financial institutions in those non-U.S. countries in which we have a net long issuer and counterparty exposure (in millions):

	February 28, 2022								
	Issuer Risk			Counterparty Risk				Issuer and Counterparty Risk	
	Fair Value of Long Debt Securities	Fair Value of Short Debt Securities	Net Derivative Notional Exposure	Loans and Lending	Securities and Margin Finance	OTC Derivatives	Cash and Cash Equivalents	Excluding Cash and Cash Equivalents	Including Cash and Cash Equivalents
Canada	$ 169.3	$ (95.3)	$ 11.5	$ —	$ 54.0	$ 247.3	$ 2.0	$ 386.8	$ 388.8
Netherlands	351.0	(183.2)	(0.6)	—	0.1	0.5	1.1	167.8	168.9
Germany	379.7	(313.5)	7.0	—	56.7	1.6	30.0	131.5	161.5
Hong Kong	37.6	(40.3)	—	—	—	—	163.3	(2.7)	160.6
United Kingdom	490.5	(418.8)	(13.3)	0.4	20.8	20.1	35.5	99.7	135.2
China	385.1	(243.9)	(17.4)	—	—	—	—	123.8	123.8
Japan	188.0	(96.5)	(1.8)	—	10.8	—	19.3	100.5	119.8
Australia	202.8	(155.8)	(3.5)	—	38.1	—	2.0	81.6	83.6
Austria	90.5	(33.8)	0.6	—	—	—	—	57.3	57.3
India	31.9	(15.2)	0.1	—	—	—	34.1	16.8	50.9
Total	$ 2,326.4	$ (1,596.3)	$ (17.4)	$ 0.4	$ 180.5	$ 269.5	$ 287.3	$ 1,163.1	$ 1,450.4

	November 30, 2021								
	Issuer Risk			Counterparty Risk				Issuer and Counterparty Risk	
	Fair Value of Long Debt Securities	Fair Value of Short Debt Securities	Net Derivative Notional Exposure	Loans and Lending	Securities and Margin Finance	OTC Derivatives	Cash and Cash Equivalents	Excluding Cash and Cash Equivalents	Including Cash and Cash Equivalents
Canada	$ 196.4	$ (94.2)	$ 1.3	$ —	$ 63.1	$ 259.5	$ 1.7	$ 426.1	$ 427.8
United Kingdom	570.6	(350.1)	(1.4)	0.3	68.9	24.9	26.7	313.2	339.9
Hong Kong	27.9	(18.3)	(1.8)	—	2.5	—	160.6	10.3	170.9
Japan	247.3	(205.4)	(3.1)	—	18.3	0.1	51.4	57.2	108.6
Spain	191.4	(111.8)	(0.1)	—	25.3	0.3	—	105.1	105.1
Australia	134.1	(78.5)	0.6	—	25.5	—	7.5	81.7	89.2
Netherlands	220.2	(142.0)	0.7	—	3.9	0.1	1.3	82.9	84.2
Switzerland	97.3	(67.6)	3.5	—	40.3	2.5	2.7	76.0	78.7
France	210.7	(201.7)	(59.5)	—	99.6	26.9	—	76.0	76.0
China	458.4	(356.9)	(34.1)	—	—	—	—	67.4	67.4
Total	$ 2,354.3	$ (1,626.5)	$ (93.9)	$ 0.3	$ 347.4	$ 314.3	$ 251.9	$ 1,295.9	$ 1,547.8

Operational Risk

Operational risk is the risk of financial or non-financial impact, resulting from inadequate or failed internal processes, people and systems or from external events. We interpret this definition as including not only financial loss or gain but also other negative impacts to our objectives such as reputational impact, legal/regulatory impact and impact on our clients. Third-party risk is also included as a subset of Operational Risk and is defined as the potential threat presented to us, or our employees or clients, from our supply chain and other third-parties used to perform a process, service or activity on our behalf.

Our Operational Risk framework includes governance as well as operational risk processes, which is comprised of operational risk event capture and analysis, risk and control self-assessments, operational risk key indicators, action tracking, risk monitoring and reporting, deep dive risk assessments, new business approvals and vendor risk management. Each revenue producing and support department is responsible for the management and reporting of operational risks and the implementation of the Operational Risk Management Policy and processes within the department with regular operational risk training provided to our employees.

Operational Risk events are mapped to Risk Categories used for the consistent classification of risk data to support root cause and trend analysis. These include:

- Fraud and Theft;
- Clients and Business Practices;
- Market Conduct/Regulatory Compliance;
- Business Disruption;
- Technology;
- Data Protection and Privacy;
- Trading;
- Transaction and Process Management;
- People;
- Cyber; and
- Vendor Risk.

Operational Risk Management Policy, framework, infrastructure, methodology, processes, guidance and oversight of the operational risk processes are centralized and consistent firm wide and additionally subject to regional and legal entity operational risk governance as required. We also maintain a firm wide Third-Party ("Vendor") Risk Management Policy & Framework to ensure adequate control and monitoring over our critical third parties which includes processes for conducting periodic reviews covering areas of risk including financial health, information security, privacy, business continuity management, disaster recovery and operational risk.

Our leadership is continuously monitoring circumstances around COVID-19, as well as economic and capital market conditions, and providing frequent communications to both our clients and our employees. We continue to adopt enhanced cleaning practices across our offices, have established protocols for office access, travel, meetings and entertainment to ensure the safety of our people and clients, and continue to work actively with our employees to navigate the constantly changing environment. Our Business Continuity Plan is operating effectively across a hybrid remote working environment across all functions without any meaningful disruptions to our business or control processes. Additionally, we are working continuously with all of our critical vendors regarding their own pandemic responses to ensure there is minimal impact on our business operations.

Model Risk

Model risk refers to the risk of losses resulting from decisions that are based on the output of models, due to errors or weaknesses in the design and development, implementation, or improper use of models. We use quantitative models primarily to value certain financial assets and liabilities and to monitor and manage our risk. Model risk is a function of the model materiality, frequency of use, complexity and uncertainty around inputs and assumptions used in a given model. Robust model risk management is a core part of our risk management approach and is overseen through our risk governance structure and risk management controls.

Legal and Compliance Risk

Legal and compliance risk includes the risk of noncompliance with applicable legal and regulatory requirements. We are subject to extensive regulation in the different jurisdictions in which we conduct our business. We have various procedures addressing issues such as regulatory capital requirements, sales and trading practices, use of and safekeeping of customer funds, credit granting, collection activities, anti-money laundering and record keeping. These risks also reflect the potential impact that changes in local and international laws and tax statutes have on the economics and viability of current or future transactions. In an effort to mitigate these risks, we continuously review new and pending regulations and legislation and participate in various industry interest groups. We also maintain an anonymous hotline for employees or others to report suspected inappropriate actions by us or by our employees or agents.

New Business Risk

New business risk refers to the risks of entering into a new line of business or offering a new product. By entering a new line of business or offering a new product, we may face risks that we are unaccustomed to dealing with and may increase the magnitude of the risks we currently face. The New Business Committee reviews proposals for new businesses and new products to determine if we are prepared to handle the additional or increased risks associated with entering into such activities.

Reputational Risk

We recognize that maintaining our reputation among clients, investors, regulators and the general public is an important aspect of minimizing legal and operational risks. Maintaining our reputation depends on a large number of factors, including the selection of our clients and the conduct of our business activities. We seek to maintain our reputation by screening potential clients and by conducting our business activities in accordance with high ethical standards. Our reputation and business activity can be affected by statements and actions of third-parties, even false or misleading statements by them. We actively monitor public comment concerning us and are vigilant in seeking to assure accurate information and perception prevails.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of February 28, 2022. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of February 28, 2022.

Changes in internal control over financial reporting

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended February 28, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in response to this Item 1 is incorporated by reference from the "Contingencies" section in Note 18, Commitments, Contingencies and Guarantees, in the Notes to Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report, which is incorporated herein by reference.

Item 1A. Risk Factors.

Information regarding our risk factors appears in Item 1A. of our Annual Report on Form 10-K for the fiscal year ended November 30, 2021. These risk factors describe some of the assumptions, risks, uncertainties and other factors that could adversely affect our business or that could otherwise result in changes that differ materially from our expectations. The following risk factor is an update to our previously disclosed risk factor and should be considered in conjunction with the Risk Factors section in our Form 10-K for the fiscal year, filed with the SEC on January 28, 2022.

We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, cybersecurity incidents and events, terrorist attacks, war, trade policies, military conflict, climate-related incidents, or other natural disasters. The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as COVID-19, or other widespread health emergency (or concerns over the possibility of such an emergency), cybersecurity incidents and events, terrorist attacks, war, trade policies, military conflict, extreme climate-related incidents or events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses. For instance, military conflict and escalating tensions between Russia and Ukraine could result in geopolitical instability and adversely affect the global economy or specific markets, which could have an adverse impact or cause volatility in the financial services industry generally or on our results of operations and financial conditions.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds.

(c) Issuer Purchases of Equity Securities

The following table presents information on our purchases of our common shares during the first quarter of 2022 (dollars in thousands, except per share amounts):

	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
December 1, 2021 to December 31, 2021	—	$ —	—	$ 162,466
January 1, 2022 to January 31, 2022	7,222,335	$ 35.89	4,770,000	$ 78,842
February 1, 2022 to February 28, 2022 (3)	2,815,854	$ 37.28	2,078,095	$ —
Total	10,038,189		6,848,095	

(1) Includes an aggregate 3,190,094 shares repurchased other than as part of our publicly announced Board authorized repurchase program. We repurchased these securities in connection with our share compensation plans which allow participants to use shares to satisfy certain tax liabilities arising from the vesting of restricted shares and the distribution of restricted share units.

(2) In January 2022, the Board of Directors increased the share repurchase authorization back up to $250.0 million. At February 28, 2022, we had no remaining authorization of future repurchases. In March 2022, the Board of Directors increased the share repurchase authorization back up to $250.0 million.

(3) Includes 737,759 shares that settled in March 2022.

Item 6. Exhibits.

See Exhibit Index.

Exhibit Index

10.1	Form of Restricted Stock Units Agreement (Time-Based) under the Company's Equity Compensation Plan +
10.2	Form of Restricted Stock Units Agreement (Performance-Based) under the Company's Equity Compensation Plan +
10.3	Form of Restricted Stock Units Agreement (Leadership Continuity Grant) under the Company's Equity Compensation Plan +
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	Financial statements from the Quarterly Report on Form 10-Q of Jefferies Financial Group Inc. for the quarter ended February 28, 2022, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File, formatted in iXBRL (included in Exhibit 101).

+ Management/Employment Contract or Compensatory Plan or Arrangement
* Furnished herewith pursuant to item 601(b) (32) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JEFFERIES FINANCIAL GROUP INC.
(Registrant)

Date: April 8, 2022

By: /s/ John M. Dalton
Name: John M. Dalton
Title: Vice President and Controller
(Duly Authorized Officer and Chief Accounting Officer)

Exhibit 10.1

Jefferies Financial Group Inc.

Equity Compensation Plan

Restricted Stock Units Agreement – Three-Year Cliff Vest

[Date]

This Agreement ("Agreement") sets forth the terms of the grant of Restricted Stock Units on [•] (the "Grant Date") from Jefferies Financial Group Inc., ("Jefferies" or, when referring to Jefferies and its affiliates, the "Company") to [•] ("Employee").

1. ***Grant of RSUs.*** The Compensation Committee of the Board of Directors of Jefferies (the "Committee") has approved the following grant of Restricted Stock Units ("RSUs") to Employee under Jefferies' Equity Compensation Plan, which became effective March 25, 2021 (the "Plan"):

Grant Date: [•]
Execution Date: [•]
Grant Type: Time-Vesting RSUs - Granted Based on [•] Performance
Number of RSUs Granted: [•]

2. ***Incorporation of Plan by Reference***. The Plan and information regarding the Plan, including documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933, can be viewed and printed from the Company's secure intranet website. The terms, conditions and other provisions of the Plan are hereby incorporated by reference into this Agreement. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Employee hereby acknowledges that the Plan and information regarding the Plan have been made readily available to Employee. Employee agrees to be bound by all the terms and provisions thereof (as presently in effect or hereafter amended), the rules and regulations adopted from time to time thereunder and by all decisions and determinations of the Committee and the Company.

3. ***Vesting, Forfeiture and Settlement Provisions***. The following provisions will govern vesting, forfeiture, settlement and related provisions of the RSUs. Certain capitalized terms used in this Section 3 are defined below in Subsection 3(e).

(a) *Continuous Service*. If no Termination of Employment occurs prior to the Service Vesting Date, then 100% of the RSUs will vest on the Service Vesting Date and, if not subsequently forfeited, will be settled on the Settlement Date.

(b) *Death or Disability*. 100% of the RSUs (if not previously vested) will immediately vest upon Termination of Employment by reason of Employee's death or upon the occurrence of Employee's Disability, and 100% of the vested RSUs will be settled within 30 days after the Company's receipt of notification of Employee's death (but in any case not later than six months after Employee's death) or the occurrence of Employee's Disability.

(c) *Termination by the Company not for Cause Not in Connection with a Change in Control*. Upon an involuntary Termination of Employee's Employment by the Company not for

Cause not upon or within 24 months after a Change in Control, 100% of the RSUs will vest (if not previously vested), provided that Employee executes a separation agreement and release in such form as may be reasonably requested by the Company and returns the executed separation agreement and release to the Company within 21 days of Employee's receipt (or such longer period as may be required by law) and any additional period during which Employee may revoke as required by law has expired without Employee exercising the right to revoke the separation agreement and release; all vested RSUs will then be Settled at the date such separation agreement and release has become legally binding and non-revocable, provided that, if circumstances would enable Employee to control the tax year of Settlement based on the timing of his return of the separation agreement and release, the applicable provisions of the Jefferies' "Compliance Rules Under Code Section 409A" will govern, subject to Section 7(b) (if applicable). The Company will provide to Employee the form of the separation agreement and release required hereunder not later than five business days after Employee's Termination. If Employee does not return to the Company an executed separation agreement and release within the applicable time period as required under this Subsection 3(c) (or signs and then timely revokes his agreement to the separation agreement and release), all of the unvested RSUs will be forfeited.

(d) *Qualifying Termination in Connection With a Change in Control*. If, upon a Change in Control or within 24 months thereafter, there occurs an involuntary Termination of Employment by the Company not for Cause or a Termination of Employment by Employee for Good Reason, 100% of the RSUs will vest (if not previously vested) and 100% of the then outstanding RSUs will be settled on the date of Termination (or, if that is not practicable, within five business days after Termination), subject to Section 7(b) (if applicable).

(e) *Termination by Employee for Other Reasons or Termination by the Company for Cause.* Upon Termination of Employment by Employee for any reason other than a Termination governed by Section 3(b) or 3(d), or upon Termination of Employment by the Company for Cause, the number of RSUs not vested at the date of Termination will be forfeited, and the number of RSUs vested prior to the date of Termination will be settled on the date of Termination (or, if that is not practicable, within five business days after Termination), subject to Section 7(b) (if applicable).

(f) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Cause" shall have the meaning under the Company's Employee Handbook as in effect at the date of Employee's Termination of Employment.

(ii) "Change in Control" means the occurrence of any of the following events after the Grant Date:

(A) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than Jefferies, any trustee or other fiduciary holding securities under an employee benefit plan of Jefferies, or any company owned, directly or indirectly, by the shareholders of Jefferies in substantially the same proportions as their ownership of stock of Jefferies), acquires voting securities of Jefferies and immediately thereafter is a "50% Beneficial Owner." For purposes of this provision, a "50% Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Jefferies representing 50% or more of the combined voting power of Jefferies' then-outstanding voting securities;

(B) During any period of two consecutive years commencing on or after the Grant Date, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by Jefferies' shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (the "Continuing Directors"), cease for any reason to constitute at least a majority thereof;

(C) Jefferies has consummated a merger, consolidation, recapitalization, or reorganization of Jefferies, or a reverse stock split of any class of voting securities of Jefferies, other than any such transaction which would result in at least 50% of the combined voting power of the voting securities of Jefferies or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of Jefferies outstanding immediately prior to such transaction, with the relative voting power of each such continuing holder compared to the voting power of each other continuing holder not substantially altered as a result of the transaction; provided that, for purposes of this subsection, such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 50% threshold (or to substantially preserve such relative voting power) is due solely to the acquisition of voting securities by an employee benefit plan of Jefferies or of such surviving entity or a subsidiary thereof; or

(D) The shareholders of Jefferies have approved a plan of complete liquidation of Jefferies or an agreement for the sale or disposition by Jefferies of all or substantially all (that being not less than 60%) of Jefferies' assets (or any transaction having a similar effect), and Jefferies has taken a substantial step to implement such liquidation or sale or disposition of assets.

(iii) "Disability" shall have the meaning under the Company's long-term disability policy as in effect at the date of Employee's Termination of Employment, provided that such definition in any event shall conform to the requirements of Treasury Regulation Section 1.409A-3(i)(4).

(iv) "Good Reason" means the occurrence of any of the following events without Employee's written consent: (A) a material diminution in Employee's authority, offices, titles, duties or responsibilities at the Company, (B) a failure by the Company to pay compensation consistent with past practices that is due and owing to Employee or provide benefits, including perquisites, at levels provided in the year immediately preceding the Change in Control (other than minor and insubstantial changes to compensation and benefits), or (C), relocation of Employee's principal office to a location outside of New York City or the counties of Westchester, Nassau or Suffolk (NY); provided, however, that in all cases (1) Employee must give notice of the existence of the Good Reason condition within 30 days of its initial existence by providing written notice to the General Counsel of Jefferies, (2) Jefferies shall have 30 days during which it may remedy or "cure" the circumstances giving rise to Good Reason and no Good Reason shall exist if Jefferies has remedied or cured the Good Reason during such time period, and (3) Employee must terminate his employment for Good Reason within six months of the initial existence of the Good Reason.

(v) "Service Vesting Date" means the third anniversary of the Grant Date.

(vi) "Settle" *or* "Settlement" means the delivery of one share of the Company's common shares for each RSU being settled.

(vii) "Settlement Date" means the Service Vesting Date, provided that Settlement may occur at an earlier date in accordance with Section 3(b) (death or Disability), 3(c) (upon a Termination not for Cause not in connection with a Change in Control) or 3(d) (upon a qualifying Termination at or following a Change in Control).

(viii) "Termination" or "Termination of Employment" means Employee's "Separation from Service" as defined in Treasury Regulation Section 1.409A-1(h).

(ix) "Vest" or "Vested" means the RSUs are no longer subject to risk of forfeiture based on the employment status of Employee.

5. ***Dividends, Splits and Adjustments***.

(a) *Dividends*. Dividends shall be credited and adjustments shall be made to the RSUs as follows:

(i) *Cash Dividends.* If the Company declares and pays a dividend (including any distribution) on shares of its common shares in the form of cash, then a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend. The credit shall equal (A) the cash amount of the dividend paid on each outstanding share of common shares *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then vested, and including RSUs previously credited under this Section 5(a)) *divided by* (B) the Fair Market Value of a common share on the payment date.

(ii) *Non-Common Share Property Dividends*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of property other than common shares, then, subject to Section 5(b), a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend (unless the RSUs are adjusted by the Committee in an alternative manner under Section 5(b)). The credit shall equal (A) the Fair Market Value of the property paid on each outstanding common share *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then vested, and including RSUs previously credited under this Section 5(a)) *divided by* (ii) the Fair Market Value of a common share on the payment date.

(iii) *Common Share Dividends and Splits*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of additional common shares, or there occurs a split of common shares, then the number of RSUs shall be increased on the payment date for such dividend or split to give effect to such dividend or split (or decreased in the event of a reverse split).

(b) *Adjustments*. The number of RSUs subject to this Agreement shall be appropriately adjusted by the Committee in order to prevent dilution or enlargement of

Employee's rights with respect to RSUs or to reflect any changes in the number of outstanding common shares resulting from any event referred to in Section 5.2 of the Plan. Adjustments under this Section 5(b) will take into account any crediting of RSUs under Section 5(a) relating to the event triggering the adjustment, provided that the Committee may determine to make an adjustment under Section 5(b) in lieu of crediting additional RSUs under Section 5(a)(ii).

(c) *Risk of Forfeiture and Settlement of RSUs Resulting from Dividends, Splits and Adjustments.* RSUs that directly or indirectly result from dividends, splits and adjustments shall be subject to the same risk of forfeiture, settlement terms and other terms as apply to the underlying RSUs.

(d) *Changes to Manner of Crediting Dividends, Splits and Adjustment*. The provisions of this Section 5 notwithstanding, the Company or the Committee may vary the manner and timing of crediting dividends, splits and adjustments for reasonable administrative convenience.

6. ***Other Conditions***. As a condition to any non-forfeiture of the RSUs at or after Termination of Employment and to any settlement of the RSUs, Jefferies or the Committee may require Employee (a) to make any representation or warranty to the Company as may be reasonably requested by the Company or the Committee or required under any applicable law or regulation, and (b) to take any action the Company or the Committee reasonably deems necessary in order to comply with federal and state laws, or the rules and regulations of the NYSE, the Financial Industry Regulatory Authority, any other stock exchange or self-regulatory organization or any other obligation of the Company or Employee relating to the RSUs or this Agreement. Whenever this Agreement or the Plan authorizes the Company to take or not take any action, Employee and all persons with a possible conflict of interest or interest similar to Employee shall not participate in any manner in the decision to take or not take such action.

7. ***Other Terms Relating to RSUs***.

(a) *Non-transferability*. Until RSUs are settled in accordance with the terms of this Agreement, Employee may not sell, transfer, assign, pledge, margin or otherwise encumber or dispose of RSUs or any rights hereunder to any third party other than by will or the laws of descent and distribution, except for transfers to a Beneficiary or as otherwise permitted and subject to the conditions under Section 9.2 of the Plan.

(b) *Deferral of Settlement; Compliance with Code Section 409A*. At grant, it is intended that the RSUs will constitute a "short-term deferral" under Code Section 409A, and conversely will not constitute a deferral of compensation for purposes of Code Section 409A. Settlement of any RSU, which otherwise would occur at the Settlement Date or in connection with a Termination of Employment, will be deferred in certain cases if Employee makes a valid deferral election relating to the RSUs. If and to the extent that any portion of the RSUs constitutes a deferral of compensation under Code Section 409A, such RSUs and the provisions of this Agreement are subject to Jefferies' "Compliance Rules Under Code Section 409A." Deferrals, whether elective or mandatory under the terms of this Agreement, will comply with requirements under Code Section 409A. Deferrals will be subject to such other restrictions and terms as may be specified by the Company prior to deferral. It is understood that Code Section 409A and regulations thereunder require any elective deferral to comply with Section 409A(a)(4)(C). Other provisions of this Agreement notwithstanding, under U.S. federal income tax laws and Treasury Regulations as presently in effect or hereafter implemented, with respect to RSUs other than those that are excluded from being deemed deferrals of compensation under 409A, (i) a distribution in settlement of RSUs to Employee triggered by a Termination of Employment will occur only if the Termination constitutes a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i), (ii) if, at the time of such separation from service,

Employee is a "specified employee" under Code Section 409A(a)(2)(B)(i) and a delay in distribution is required in order that Employee will not be subject to a tax penalty under Code Section 409A, such distribution in settlement of RSUs will occur at the date six months and one day after Termination of Employment; and (iii) any rights of Employee or retained authority of the Company with respect to RSUs hereunder shall be automatically modified and limited to the extent necessary so that Employee will not be deemed to be in constructive receipt of income relating to the RSUs prior to the distribution and so that Employee will not be subject to any penalty under Code Section 409A. Other provisions of this Agreement notwithstanding, if a separation from service occurs within less than six months before the fixed date specified as the Settlement Date (or elected as a deferred settlement date) and the six-month delay rule would apply to a settlement triggered by such separation from service, the settlement will not be made based on the separation from service, but instead the settlement shall be made based on the fixed date specified as the Settlement Date (or deferred settlement date). If any portion of the RSUs constitutes a deferral of compensation under Code Section 409A (for example, if a deferral is validly elected by Employee), that portion of the RSUs will be deemed a separate payment from the portion of RSUs that is not a deferral of compensation under Section 409A.

(c) *Tax Withholding*. Employee understands and acknowledges that certain amounts must be withheld to satisfy federal, state, local or foreign tax obligations associated with the lapse of the risk of forfeiture and/or settlement of the RSUs ("Withholdings"). Employee shall make arrangements satisfactory to the Company, in advance of any event triggering a Withholding obligation on the part of the Company, to provide for payment of all applicable Withholdings. Employee expressly authorizes the Company to withhold the applicable amount of Withholdings from any payment to Employee or other source of Employee's funds or securities, including any payment relating to an Award or any payroll or other source of Employee's funds or securities, and/or withhold shares deliverable in settlement of the RSUs having a Fair Market Value equal to the amount of such tax liability required to be withheld as Withholdings in connection with the event triggering Withholding. This may include a withholding upon the vesting of the RSUs if and to the extent permitted under Treasury Regulation Section 1.409A-3(j)(4)(vi). Unless Employee has made alternative arrangements satisfactory to the Company to satisfy mandatory Withholding requirements or unless otherwise determined by the Company, the Company will withhold shares to satisfy any Withholding obligation. Upon the Withholding of shares, the value of shares withheld shall not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities, unless withholding of shares with a greater value is permitted without triggering additional expense recognition under applicable accounting rules. This provision does not obligate the Company to withhold shares to satisfy Withholding obligations. The Company may specify a reasonable deadline (for example, the end of the latest window period during which Employee is permitted to trade under any then applicable insider trading policy of the Company prior to an event causing a tax liability) by which Employee must make alternative arrangements for the payment of Withholdings.

(d) *Clawback Policy*. Notwithstanding anything to the contrary in this Agreement, all RSUs and common shares issued in settlement of RSUs shall be subject to Section 7.7 of the Plan and otherwise shall be subject to any applicable clawback policy of the Company and to any similar policy adopted by the Company, the Committee, the Board of Directors of Jefferies or any committee of the Board of Directors of Jefferies from time to time (including, but not limited to, any policy adopted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law), regardless of whether any such policy is adopted before or after the date of this Agreement or before or after the date RSUs become vested or are settled.

(e) *Unfunded Plan*. Any provision for distribution in settlement of Employee's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Employee or any Beneficiary any right to, or claim against any, specific assets

of the Company, nor result in the creation of any trust or escrow account for Employee. With respect to any entitlement of Employee or any Beneficiary to any distribution hereunder, Employee or such Beneficiary shall be a general creditor of the Company.

8. ***Miscellaneous***.

This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement and the Plan, and any deferral election separately filed with the Company relating to this Award, constitute the entire agreement between the parties with respect to the RSUs, and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this Agreement that may impose any additional obligation upon the Company shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of Jefferies or an affiliate. Neither the RSUs nor the granting thereof shall constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an officer, director or employee of the Company for any period of time, or at any particular rate of compensation. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PRINCIPLES.

Employee hereby acknowledges that the type and periods of restriction imposed in the provisions of this Agreement are fair and reasonable. Employee hereby further acknowledges that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, Employee agrees that if any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9. **Grantee's Acceptance**. Employee hereby accepts the RSUs described in this Agreement and agrees to be bound by the terms and provisions set forth in the Plan and this Agreement. Employee hereby further agrees that all the decisions and determinations of the Committee and the Company shall be final and binding.

Accepted and agreed.

Employee Jefferies Financial Group Inc.

_____ By: _____

[•] [•]

Please contact Stock Administration at stock_administration@jefferies.com with any questions.

Exhibit 10.2

Jefferies Financial Group Inc.

Equity Compensation Plan

Restricted Stock Units Agreement – Three-Year Performance-Based RSUs

[Date]

This Agreement ("Agreement") sets forth the terms of the grant of Restricted Stock Units on [•] (the "Grant Date") from Jefferies Financial Group Inc., ("Jefferies" or, when referring to Jefferies and its affiliates, the "Company") to [•] ("Employee").

1. ***Grant of RSUs.*** The Compensation Committee of the Board of Directors of Jefferies (the "Committee") has approved the following grant of Restricted Stock Units ("RSUs") to Employee under Jefferies' Equity Compensation Plan, which Plan became effective March 25, 2021 (the "Plan"):

Grant Date: [•]
Execution Date: [•]
Grant Type: Performance-Based RSUs - Granted Based on FY [•] Performance
Number of RSUs Granted: [•]RSUs at Target; [•]RSUs at Maximum

2. ***Incorporation of Plan by Reference***. The Plan and information regarding the Plan, including documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933, can be viewed and printed from the Company's secure intranet website. The terms, conditions and other provisions of the Plan are hereby incorporated by reference into this Agreement. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Employee hereby acknowledges that the Plan and information regarding the Plan have been made readily available to Employee. Employee agrees to be bound by all the terms and provisions thereof (as presently in effect or hereafter amended), the rules and regulations adopted from time to time thereunder and by all decisions and determinations of the Committee and the Company.

3. ***Performance Goal and Earning of RSUs.***

(a) *Three-Year Return on Tangible Equity*. The number of RSUs earned by performance hereunder will be based on the level of achievement of the performance goal, return on tangible equity ("ROTE"), during the three-fiscal-year period ending [•] ("Performance Period").

Such Three-Year ROTE is expressed as the following formula:

[(Adjusted Tangible Book Value at [•]*+ Aggregate Adjusted Net Income for fiscal* [•], [•], [•]*) / Adjusted Tangible Book Value at* [•]*)^1/3] – 1*

"Three-Year ROTE" means the compound annual return on tangible equity during the three-fiscal-year period ended [•], which is the percentage that equals:

(A) tangible book value at [•] (calculated as common shareholders' equity *less* goodwill, intangible assets and deferred tax assets), *plus* net income attributable to Jefferies common shareholders during fiscal years [•], [•]and [•]*excluding* intangible amortization and goodwill and intangible impairments (in all cases, net of any tax impact) during each of fiscal years [•], [•]and [•]; *divided by*

(B) tangible book value at [•] (calculated as common shareholder's equity *less* goodwill, intangible assets and deferred tax assets) *minus* the weighted average of dividends and share repurchases made during the Performance Period;

(C) with the quotient *raised* to the power of 1/3rd, and then *subtracting* one.

(b) *Earned RSUs Resulting from Performance*. Employee is eligible to earn the number of RSUs shown below in the far right column set opposite the applicable ROTE performance result during the Performance Period:

Metric	**Three-Year ROTE**	**Number of RSUs Resulting from Three-Year ROTE Performance**
Three-Year ROTE	**Less than [•]%**	**[•]**
	[•]%	**[•]**
	[•]%	**[•]**
	[•]% or Greater	**[•]**
	Between [•]% or between [•]%	**Between [•]and [•]and between [•]and [•], by straight-line interpolation**

The Compensation Committee will certify (i) the number of RSUs resulting from the Company's Three-Year ROTE (such number, the "Earned RSUs"). The number of RSUs that were potentially earnable hereunder but which exceed the number of Earned RSUs will be immediately forfeited.

(c) *Projected Level of Performance.* In the case of certain Terminations of Employment under Section 4, the number of RSUs earned by performance will be calculated as provided in Section 3(a) and (b) but based on the level of ROTE determined by assuming that the rate of earning of net income under clause (A) of Section 3(a) through the end of the month in which Termination occurred would continue for the remainder of the Performance Period and, for purposes of clause (B) of Section 3(a), using the weighted average of dividends and share repurchases through the end of the month in which Termination occurred (the "Projected Level").

4. ***Vesting, Forfeiture and Settlement Provisions***. The following provisions will govern vesting, forfeiture, settlement and related provisions of the Earned RSUs. Certain capitalized terms used in this Section 4 are defined below in Subsection 4(e).

(a) *Continuous Service*. If no Termination of Employment occurs prior to the Service Vesting Date, then 100% of the Earned RSUs will vest on the Service Vesting Date and, if not subsequently forfeited, will be settled on the Settlement Date.

(b) *Death or Disability*. The RSUs (if not previously vested) will be deemed Earned RSUs at the Projected Level and will immediately vest upon Termination of Employment by reason of Employee's death

or upon the occurrence of Employee's Disability, and 100% of such vested RSUs will be settled within 30 days after the Company's receipt of notification of Employee's death (but in any case not later than six months after Employee's death) or the occurrence of Employee's Disability.

(c) *Termination by the Company not for Cause Not in Connection with a Change in Control*. Upon an involuntary Termination of Employee's Employment by the Company not for Cause not upon or within 24 months after a Change in Control, the Earned RSUs (or deemed Earned RSUs at the Projected Level if Termination occurs before the end of the Performance Period) will vest in full (if not previously vested), provided that Employee executes a separation agreement and release in such form as may be reasonably requested by the Company and returns the executed separation agreement and release to the Company within 21 days of Employee's receipt (or such longer period as may be required by law) and any additional period during which Employee may revoke as required by law has expired without Employee exercising the right to revoke the separation agreement and release; all such vested RSUs will then be Settled at the date such separation agreement and release has become legally binding and non-revocable, provided that, if circumstances would enable Employee to control the tax year of Settlement based on the timing of his return of the separation agreement and release, the applicable provisions of the Jefferies' "Compliance Rules Under Code Section 409A" will govern, subject to Section 7(b) (if applicable). The Company will provide to Employee the form of the separation agreement and release required hereunder not later than five business days after Employee's Termination. If Employee does not return to the Company an executed separation agreement and release within the applicable time period as required under this Subsection 4(c)(i) (or signs and then timely revokes his agreement to the separation agreement and release), all of the unvested RSUs will be forfeited. RSUs that are not earned and vested upon application of the Projected Level formula, if applicable, will be forfeited.

(d) *Qualifying Termination in Connection With a Change in Control*. If, upon a Change in Control or within 24 months thereafter, there occurs an involuntary Termination of Employment by the Company not for Cause or a Termination of Employment by Employee for Good Reason, 100% of the Earned RSUs (or deemed Earned RSUs at the Projected Level if Termination occurs before the end of the Performance Period) will vest and 100% of the then outstanding vested RSUs will be settled on the date of Termination (or, if that is not practicable, within five business days after Termination), subject to Section 7(b) (if applicable).

(e) *Termination by Employee for Other Reasons or Termination by the Company for Cause.* Upon Termination of Employment by Employee for any reason other than a Termination governed by Section 4(b) or 4(d), or upon Termination of Employment by the Company for Cause, the number of RSUs not earned or not vested at the date of Termination will be forfeited, and the number of Earned RSUs vested prior to the date of Termination will be settled on the date of Termination (or, if that is not practicable, within five business days after Termination), subject to Section 7(b) (if applicable).

(f) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Cause" shall have the meaning under the Company's Employee Handbook as in effect at the date of Employee's Termination of Employment.

(ii) "Change in Control" means the occurrence of any of the following events after the Grant Date:

(A) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than Jefferies, any trustee or other fiduciary holding securities under an employee benefit plan of Jefferies, or any company owned, directly or indirectly, by the shareholders of Jefferies in substantially the same proportions as their ownership of stock of Jefferies), acquires voting securities of Jefferies and immediately thereafter is a "50% Beneficial Owner." For purposes of this provision, a "50%

Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Jefferies representing 50% or more of the combined voting power of Jefferies' then-outstanding voting securities;

(B) During any period of two consecutive years commencing on or after the Grant Date, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by Jefferies' shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (the "Continuing Directors"), cease for any reason to constitute at least a majority thereof;

(C) Jefferies has consummated a merger, consolidation, recapitalization, or reorganization of Jefferies, or a reverse stock split of any class of voting securities of Jefferies, other than any such transaction which would result in at least 50% of the combined voting power of the voting securities of Jefferies or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of Jefferies outstanding immediately prior to such transaction, with the relative voting power of each such continuing holder compared to the voting power of each other continuing holder not substantially altered as a result of the transaction; provided that, for purposes of this subsection, such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 50% threshold (or to substantially preserve such relative voting power) is due solely to the acquisition of voting securities by an employee benefit plan of Jefferies or of such surviving entity or a subsidiary thereof; or

(D) The shareholders of Jefferies have approved a plan of complete liquidation of Jefferies or an agreement for the sale or disposition by Jefferies of all or substantially all (that being not less than 60%) of Jefferies' assets (or any transaction having a similar effect), and Jefferies has taken a substantial step to implement such liquidation or sale or disposition of assets.

(iii) "Disability" shall have the meaning under the Company's long-term disability policy as in effect at the date of Employee's Termination of Employment, provided that such definition in any event shall conform to the requirements of Treasury Regulation Section 1.409A-3(i)(4).

(iv) "Good Reason" means the occurrence of any of the following events without Employee's written consent: (A) a material diminution in Employee's authority, offices, titles, duties or responsibilities at the Company, (B) a failure by the Company to pay compensation consistent with past practices that is due and owing to Employee or provide benefits, including perquisites, at levels provided in the year immediately preceding the Change in Control (other than minor and insubstantial changes to compensation and benefits), or (C), relocation of Employee's principal office to a location outside of New York City or the counties of Westchester, Nassau or Suffolk (NY); provided, however, that in all cases (1) Employee must give notice of the existence of the Good Reason condition within 30 days of its initial existence by providing written notice to the General Counsel of Jefferies, (2) Jefferies shall have 30 days during which it may remedy or "cure" the circumstances giving rise to Good Reason and no Good Reason shall exist if Jefferies has remedied or cured the Good Reason during such time period, and (3) Employee must terminate his employment for Good Reason within six months of the initial existence of the Good Reason.

(v) "Service Vesting Date" means the third anniversary of the Grant Date.

(vi) "Settle" *or* "Settlement" means the delivery of one share of the Company's common shares for each RSU being settled.

(vii) "Settlement Date" means the Service Vesting Date, provided that Settlement may occur at an earlier date in accordance with Section 4(b) (death or Disability), 4(c) (upon a Termination not for Cause not in connection with a Change in Control) or 4(d) (upon a qualifying Termination at or following a Change in Control)).

(viii) "Termination" or "Termination of Employment" means Employee's "Separation from Service" as defined in Treasury Regulation Section 1.409A-1(h).

(ix) "Vest" or "Vested" means the RSUs are no longer subject to risk of forfeiture based on the employment status of Employee.

5. ***Dividends, Splits and Adjustments***.

(a) *Dividends*. Dividends shall be credited and adjustments shall be made to the RSUs as follows:

(i) *Cash Dividends*. If the Company declares and pays a dividend (including any distribution) on shares of its common shares in the form of cash, then a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend. The credit shall equal (A) the cash amount of the dividend paid on each outstanding share of common shares *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then earned or vested but treating such credited RSUs as earned or vested only to the extent the underlying RSU is an Earned RSU and/or is vested, and including RSUs previously credited under this Section 5(a)) *divided by* (B) the Fair Market Value of a common share on the payment date.

(ii) *Non-Common Share Property Dividends*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of property other than common shares, then, subject to Section 5(b), a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend (unless the RSUs are adjusted by the Committee in an alternative manner under Section 5(b)). The credit shall equal (A) the Fair Market Value of the property paid on each outstanding common share *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then earned or vested but treating such credited RSUs as earned or vested only to the extent the underlying RSU is an Earned RSU and/or is vested, and including RSUs previously credited under this Section 5(a)) *divided by* (ii) the Fair Market Value of a common share on the payment date.

(iii) *Common Share Dividends and Splits*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of additional common shares, or there occurs a split of common shares, then the number of RSUs shall be increased on the payment date for such dividend or split to give effect to such dividend or split (or decreased in the event of a reverse split), whether or not then earned or vested but treating such credited RSUs as earned or vested only to the extent the underlying RSU is an Earned RSU and/or is vested, and including RSUs previously credited under this Section 5(a).

(b) *Adjustments*. The number of RSUs subject to this Agreement shall be appropriately adjusted by the Committee in order to prevent dilution or enlargement of Employee's rights with respect to RSUs or to reflect any changes in the number of outstanding common shares resulting from any event referred to in Section 5.2 of the Plan. Adjustments under this Section 5(b) will take into account any crediting of RSUs under Section 5(a) relating to the event triggering the adjustment, provided that the Committee may determine to make an adjustment under Section 5(b) in lieu of crediting additional RSUs under Section 5(a)(ii).

(c) *Risk of Forfeiture and Settlement of RSUs Resulting from Dividends, Splits and Adjustments.* RSUs that directly or indirectly result from dividends, splits and adjustments shall be subject to the same risk of forfeiture, settlement terms and other terms as apply to the underlying RSUs.

(d) *Changes to Manner of Crediting Dividends, Splits and Adjustment*. The pro-visions of this Section 5 notwithstanding, the Company or the Committee may vary the manner and timing of crediting dividends, splits and adjustments for reasonable administrative convenience.

6. ***Other Conditions***. As a condition to any non-forfeiture of the RSUs at or after Termination of Employment and to any settlement of the RSUs, Jefferies or the Committee may require Employee (a) to make any representation or warranty to the Company as may be reasonably requested by the Company or the Committee or required under any applicable law or regulation, and (b) to take any action the Company or the Committee reasonably deems necessary in order to comply with federal and state laws, or the rules and regulations of the NYSE, the Financial Industry Regulatory Authority, any other stock exchange or self-regulatory organization or any other obligation of the Company or Employee relating to the RSUs or this Agreement. Whenever this Agreement or the Plan authorizes the Company to take or not take any action, Employee and all persons with a possible conflict of interest or interest similar to Employee shall not participate in any manner in the decision to take or not take such action.

7. ***Other Terms Relating to RSUs***.

(a) *Non-transferability*. Until RSUs are settled in accordance with the terms of this Agreement, Employee may not sell, transfer, assign, pledge, margin or otherwise encumber or dispose of RSUs or any rights hereunder to any third party other than by will or the laws of descent and distribution, except for transfers to a Beneficiary or as otherwise permitted and subject to the conditions under Section 9.2 of the Plan.

(b) *Deferral of Settlement; Compliance with Code Section 409A*. At grant, it is intended that the RSUs will constitute a "short-term deferral" under Code Section 409A, and conversely will not constitute a deferral of compensation for purposes of Code Section 409A Settlement of any RSU, which otherwise would occur at the Settlement Date or in connection with a Termination of Employment, will be deferred in certain cases if Employee makes a valid deferral election relating to the RSUs. If and to the extent that any portion of the RSUs constitutes a deferral of compensation under Code Section 409A, such RSUs and the provisions of this Agreement are subject to Jefferies' "Compliance Rules Under Code Section 409A." Deferrals, whether elective or mandatory under the terms of this Agreement, will comply with requirements under Code Section 409A. Deferrals will be subject to such other restrictions and terms as may be specified by the Company prior to deferral. It is understood that Code Section 409A and regulations thereunder require any elective deferral to comply with Section 409A(a)(4)(C). Other provisions of this Agreement notwithstanding, under U.S. federal income tax laws and Treasury Regulations as presently in effect or hereafter implemented, with respect to RSUs other than those that are excluded from being deemed deferrals of compensation under 409A, (i) a distribution in settlement of RSUs to Employee triggered by a Termination of Employment will occur only if the Termination constitutes a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i), (ii) if, at the time of such separation from service, Employee is a "specified employee" under Code Section 409A(a)(2)(B)(i) and a delay in distribution is required in order that Employee will not be subject to a tax penalty under Code Section 409A, such distribution in settlement of RSUs will occur at the date six months and one day after Termination of

Employment; and (iii) any rights of Employee or retained authority of the Company with respect to RSUs hereunder shall be automatically modified and limited to the extent necessary so that Employee will not be deemed to be in constructive receipt of income relating to the RSUs prior to the distribution and so that Employee will not be subject to any penalty under Code Section 409A. Other provisions of this Agreement notwithstanding, if a separation from service occurs within less than six months before the fixed date specified as the Settlement Date (or elected as a deferred settlement date) and the six-month delay rule would apply to a settlement triggered by such separation from service, the settlement will not be made based on the separation from service, but instead the settlement shall be made based on the fixed date specified as the Settlement Date (or deferred settlement date). If any portion of the RSUs constitutes a deferral of compensation under Code Section 409A (for example, if a deferral is validly elected by Employee), that portion of RSUs will be deemed a separate payment from the portion of RSUs that is not a deferral of compensation under Section 409A.

(c) *Tax Withholding*. Employee understands and acknowledges that certain amounts must be withheld to satisfy federal, state, local or foreign tax obligations associated with the lapse of the risk of forfeiture and/or settlement of the RSUs ("Withholdings"). Employee shall make arrangements satisfactory to the Company, in advance of any event triggering a Withholding obligation on the part of the Company, to provide for payment of all applicable Withholdings. Employee expressly authorizes the Company to withhold the applicable amount of Withholdings from any payment to Employee or other source of Employee's funds or securities, including any payment relating to an Award or any payroll or other source of Employee's funds or securities, and/or withhold shares deliverable in settlement of the RSUs having a Fair Market Value equal to the amount of such tax liability required to be withheld as Withholdings in connection with the event triggering Withholding. This may include a withholding upon the vesting of the RSUs if and to the extent permitted under Treasury Regulation Section 1.409A-3(j)(4)(vi). Unless Employee has made alternative arrangements satisfactory to the Company to satisfy mandatory Withholding requirements or unless otherwise determined by the Company, the Company will withhold shares to satisfy any Withholding obligation. Upon the Withholding of shares, the value of shares withheld shall not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities, unless withholding of shares with a greater value is permitted without triggering additional expense recognition under applicable accounting rules. This provision does not obligate the Company to withhold shares to satisfy Withholding obligations. The Company may specify a reasonable deadline (for example, the end of the latest window period during which Employee is permitted to trade under any then applicable insider trading policy of the Company prior to an event causing a tax liability) by which Employee must make alternative arrangements for the payment of Withholdings.

(d) *Clawback Policy*. Notwithstanding anything to the contrary in this Agreement, all RSUs and common shares issued in settlement of RSUs shall be subject to Section 7.7 of the Plan and otherwise shall be subject to any applicable clawback policy of the Company and to any similar policy adopted by the Company, the Committee, the Board of Directors of Jefferies or any committee of the Board of Directors of Jefferies from time to time (including, but not limited to, any policy adopted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law), regardless of whether any such policy is adopted before or after the date of this Agreement or before or after the date RSUs become vested or are settled.

(e) *Unfunded Plan*. Any provision for distribution in settlement of Employee's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Employee or any Beneficiary any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Employee. With respect to any entitlement of Employee or any Beneficiary to any distribution hereunder, Employee or such Beneficiary shall be a general creditor of the Company.

8. ***Miscellaneous***.

This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement and the Plan, and any deferral election separately filed with the Company relating to this Award, constitute the entire agreement between the parties with respect to the RSUs, and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this Agreement that may impose any additional obligation upon the Company shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of Jefferies or an affiliate. Neither the RSUs nor the granting thereof shall constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an officer, director or employee of the Company for any period of time, or at any particular rate of compensation. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PRINCIPLES.

Employee hereby acknowledges that the type and periods of restriction imposed in the provisions of this Agreement are fair and reasonable. Employee hereby further acknowledges that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, Employee agrees that if any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9. **Grantee's Acceptance**. Employee hereby accepts the RSUs described in this Agreement and agrees to be bound by the terms and provisions set forth in the Plan and this Agreement. Employee hereby further agrees that all the decisions and determinations of the Committee and the Company shall be final and binding.

Accepted and agreed.

Employee Jefferies Financial Group Inc.

_____ By: _____

[•] [•]

Please contact Stock Administration at stock_administration@jefferies.com with any questions.

Exhibit 10.3

Jefferies Financial Group Inc.
Equity Compensation Plan
Restricted Stock Units Agreement - Leadership Continuity Grant

[Date]

This Agreement ("Agreement") sets forth the terms of the grant of Restricted Stock Units on [•] (the "Grant Date") from Jefferies Financial Group Inc., ("Jefferies" or, when referring to Jefferies and its affiliates, the "Company") to [•] ("Employee").

1. ***Grant of RSUs.*** The Board of Directors of Jefferies, upon the recommendation of its Compensation Committee (the "Committee"), has approved the following grant of Restricted Stock Units ("RSUs") to Employee under Jefferies' Equity Compensation Plan, which became effective March 25, 2021 (the "Plan"):

Grant Date: [•]
Execution Date: [•]
Grant Type: Leadership Continuity Grant of RSUs
Number of RSUs Granted: [•]

2. ***Incorporation of Plan by Reference***. The Plan and information regarding the Plan, including documents that constitute the "Prospectus" for the Plan under the Securities Act of 1933, can be viewed and printed from the Company's secure intranet website. The terms, conditions and other provisions of the Plan are hereby incorporated by reference into this Agreement. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Employee hereby acknowledges that the Plan and information regarding the Plan have been made readily available to Employee. Employee agrees to be bound by all the terms and provisions thereof (as presently in effect or hereafter amended), the rules and regulations adopted from time to time thereunder and by all decisions and determinations of the Committee and the Company.

3. ***Vesting, Forfeiture and Settlement Provisions***. The following provisions will govern vesting, forfeiture, settlement and related provisions of the RSUs. Certain capitalized terms used in this Section 3 are defined below in Subsection 3(e).

(a) *Continuous Service*. If no Termination of Employment occurs prior to the Service Vesting Date, then 100% of the RSUs will vest on the Service Vesting Date and, if not subsequently forfeited, will be settled on the Settlement Date.

(b) *Death or Disability*. 100% of the RSUs (if not previously vested) will immediately vest upon Termination of Employment by reason of Employee's death or upon the occurrence of Employee's Disability, and 100% of the vested RSUs will be settled within 30 days after the Company's receipt of notification of Employee's death (but in any case not later than six months after Employee's death) or the occurrence of Employee's Disability.

(c) *Termination by the Company not for Cause Not in Connection with a Change in Control*. Upon an involuntary Termination of Employee's Employment by the Company not for Cause not upon or within 24 months after a Change in Control:

(i) If such Termination of Employment occurs prior to the Service Vesting Date, 100% of the RSUs will vest, provided that Employee executes a separation agreement and release in such form as

may be reasonably requested by the Company and returns the executed separation agreement and release to the Company within 21 days of Employee's receipt (or such longer period as may be required by law) and any additional period during which Employee may revoke as required by law has expired without Employee exercising the right to revoke the separation agreement and release; all vested RSUs, if not subsequently forfeited, will then be settled on the Settlement Date, subject to Section 3(c)(iii). The Company will provide to Employee the form of the separation agreement and release required hereunder not later than five business days after Employee's Termination. If Employee does not return to the Company an executed separation agreement and release within the applicable time period as required under this Subsection 3(c) (or signs and then timely revokes his agreement to the separation agreement and release), all of the unvested RSUs will be forfeited.

(ii) If such Termination of Employment occurs on or after the Service Vesting Date, all RSUs not yet Settled will be Settled on the Settlement Date, subject to Section 3(c)(iii). In this case, no execution of a separation agreement and release will be required.

(iii) If, after a Termination of Employment governed by this Section 3(c), Employee dies or there occurs a 409A Change in Control, the vested RSUs will be settled within 30 days of the Company's receipt of notice of death (but in any case not later than six months after Employee's death) or at the date of the 409A Change in Control.

(d) *Qualifying Termination in Connection With a Change in Control*. If, upon a Change in Control or within 24 months thereafter, there occurs an involuntary Termination of Employment of Employee by the Company not for Cause or a Termination of Employment by Employee for Good Reason, 100% of the RSUs will vest (if not previously vested) and 100% of the RSUs will be settled on the date of Termination of Employment (or, if that is not practicable, within five business days after Termination), subject to Section 7(b) (including the six-month delay rule, if applicable).

(e) *Termination by Employee for Other Reasons or Termination by the Company for Cause.* Upon Termination of Employment by Employee for any reason, other than a Termination governed by Section 3(b) or 3(d), or upon Termination of Employment by the Company for Cause, the number of RSUs not vested at the date of Termination will be forfeited and the number of RSUs vested prior to the date of Termination, if not subsequently forfeited, will be settled on the Settlement Date; provided that if, after a Termination of Employment governed by this Section 3(e), Employee dies or there occurs a 409A Change in Control, the vested RSUs will be settled within 30 days of the Company's receipt of notice of death or at the date of the 409A Change in Control.

(f) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Cause" shall have the meaning under the Company's Employee Handbook as in effect at the date of Employee's Termination of Employment.

(ii) "Change in Control" means the occurrence of any of the following events after the Grant Date:

(A) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than Jefferies, any trustee or other fiduciary holding securities under an employee benefit plan of Jefferies, or any company owned, directly or indirectly, by the shareholders of Jefferies in substantially the same proportions as their ownership of stock of Jefferies), acquires voting securities of Jefferies and immediately thereafter is a "50% Beneficial Owner." For purposes of this provision, a "50% Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Jefferies

representing 50% or more of the combined voting power of Jefferies' then-outstanding voting securities;

(B) During any period of two consecutive years commencing on or after the Grant Date, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by Jefferies' shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (the "Continuing Directors"), cease for any reason to constitute at least a majority thereof;

(C) Jefferies has consummated a merger, consolidation, recapitalization, or reorganization of Jefferies, or a reverse stock split of any class of voting securities of Jefferies, other than any such transaction which would result in at least 50% of the combined voting power of the voting securities of Jefferies or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of Jefferies outstanding immediately prior to such transaction, with the relative voting power of each such continuing holder compared to the voting power of each other continuing holder not substantially altered as a result of the transaction; provided that, for purposes of this subsection, such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 50% threshold (or to substantially preserve such relative voting power) is due solely to the acquisition of voting securities by an employee benefit plan of Jefferies or of such surviving entity or a subsidiary thereof; or

(D) The shareholders of Jefferies have approved a plan of complete liquidation of Jefferies or an agreement for the sale or disposition by Jefferies of all or substantially all (that being not less than 60%) of Jefferies' assets (or any transaction having a similar effect), and Jefferies has taken a substantial step to implement such liquidation or sale or disposition of assets;

provided, however, that, if the event qualifying as a Change in Control under subparagraphs (A) – (D) above, or an event closely associated therewith, constitutes a change in the ownership of Jefferies, a change in effective control of Jefferies or a change in the ownership of a substantial portion of the assets of Jefferies as defined in Treasury Regulation § 1.409A-3(i)(5), the Change in Control will constitute a "409A Change in Control" for purposes of this Agreement.

(iii) "Disability" shall have the meaning under the Company's long-term disability policy as in effect at the date of Employee's Termination of Employment, provided that such definition in any event shall conform to the requirements of Treasury Regulation Section 1.409A-3(i)(4).

(iv) "Good Reason" means the occurrence of any of the following events without Employee's written consent: (A) a material diminution in Employee's authority, offices, titles, duties or responsibilities at the Company, (B) a failure by the Company to pay compensation consistent with past practices that is due and owing to Employee or provide benefits, including perquisites, at levels provided in the year immediately preceding the Change in Control (other than minor and insubstantial changes to compensation and benefits), or (C), relocation of Employee's principal office to a location outside of New York City or the counties of Westchester, Nassau or Suffolk (NY); provided, however, that in all cases (1) Employee must give notice of the existence of the Good Reason condition within 30 days of its initial existence by providing written notice to the General Counsel of Jefferies, (2) Jefferies shall have 30 days during which it may remedy or "cure" the circumstances giving rise to Good Reason and no Good Reason shall exist if Jefferies has remedied or cured the Good Reason during such time period, and (3) Employee must terminate his employment for Good Reason within six months of the initial existence of the Good Reason.

(v) "Service Vesting Date" means the fifth anniversary of the Grant Date.

(vi) "Settle" *or* "Settlement" means the delivery of one share of the Company's common shares for each RSU being settled.

(vii) "Settlement Date" means the eighth anniversary of the Grant Date, subject to Section 7(b). (Settlement may occur at an earlier date in accordance with Section 3(b) (death or Disability), 3(c) (upon a qualifying Change in Control before or following a Termination of Employment) or 3(d) (in the event of a qualifying termination upon or following a Change in Control)).

(viii) "Termination" or "Termination of Employment" means Employee's "Separation from Service" as defined in Treasury Regulation Section 1.409A-1(h).

(ix) "Vest" or "Vested" means the RSUs are no longer subject to risk of forfeiture based on the employment status of Employee.

5. ***Dividends, Splits and Adjustments***.

(a) *Dividends*. Dividends shall be credited and adjustments shall be made to the RSUs as follows:

(i) *Cash Dividends*. If the Company declares and pays a dividend (including any distribution) on shares of its common shares in the form of cash, then a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend. The credit shall equal (A) the cash amount of the dividend paid on each outstanding share of common shares *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then vested, and including RSUs previously credited under this Section 5(a)) *divided by* (B) the Fair Market Value of a common share on the payment date.

(ii) *Non-Common Share Property Dividends*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of property other than common shares, then, subject to Section 5(b), a number of additional RSUs shall be credited to Employee's Account to give effect to such dividend as if it were reinvested into additional RSUs with such adjustment made on the payment date for such dividend (unless the RSUs are adjusted by the Committee in an alternative manner under Section 5(b)). The credit shall equal (A) the Fair Market Value of the property paid on each outstanding common share *multiplied by* the number of RSUs then credited to Employee's Account (whether or not then vested, and including RSUs previously credited under this Section 5(a)) *divided by* (ii) the Fair Market Value of a common share on the payment date.

(iii) *Common Share Dividends and Splits*. If the Company declares and pays a dividend (including any distribution) on common shares in the form of additional common shares, or there occurs a split of common shares, then the number of RSUs shall be increased on the payment date for such dividend or split to give effect to such dividend or split (or decreased in the event of a reverse split).

(b) *Adjustments*. The number of RSUs subject to this Agreement shall be appropriately adjusted by the Committee in order to prevent dilution or enlargement of Employee's rights with respect to RSUs or to reflect any changes in the number of outstanding common shares resulting from any event referred to in Section 5.2 of the Plan. Adjustments under this Section 5(b) will take into account any crediting of RSUs under Section 5(a) relating to the event triggering the adjustment, provided that the Committee may determine to make an adjustment under Section 5(b) in lieu of crediting additional RSUs under Section 5(a)(ii).

(c) *Risk of Forfeiture and Settlement of RSUs Resulting from Dividends, Splits and Adjustments.* RSUs that directly or indirectly result from dividends, splits and adjustments shall be subject to the same risk of forfeiture, settlement terms and other terms as apply to the underlying RSUs.

(d) *Changes to Manner of Crediting Dividends, Splits and Adjustment*. The provisions of this Section 5 notwithstanding, the Company or the Committee may vary the manner and timing of crediting dividends, splits and adjustments for reasonable administrative convenience.

6. ***Other Conditions***. As a condition to any non-forfeiture of the RSUs at or after Termination of Employment and to any settlement of the RSUs, Jefferies or the Committee may require Employee (a) to make any representation or warranty to the Company as may be reasonably requested by the Company or the Committee or required under any applicable law or regulation, and (b) to take any action the Company or the Committee reasonably deems necessary in order to comply with federal and state laws, or the rules and regulations of the NYSE, the Financial Industry Regulatory Authority, any other stock exchange or self-regulatory organization or any other obligation of the Company or Employee relating to the RSUs or this Agreement. Whenever this Agreement or the Plan authorizes the Company to take or not take any action, Employee and all persons with a possible conflict of interest or interest similar to Employee shall not participate in any manner in the decision to take or not take such action.

7. ***Other Terms Relating to RSUs***.

(a) *Non-transferability*. Until RSUs are settled in accordance with the terms of this Agreement, Employee may not sell, transfer, assign, pledge, margin or otherwise encumber or dispose of RSUs or any rights hereunder to any third party other than by will or the laws of descent and distribution, except for transfers to a Beneficiary or as otherwise permitted and subject to the conditions under Section 9.2 of the Plan.

(b) *Deferral of Settlement; Compliance with Code Section 409A*. This grant of RSUs and the provisions of this Agreement are subject to Jefferies' "Compliance Rules Under Code Section 409A." Settlement of any RSU, which otherwise would occur at the Settlement Date, will be deferred in certain cases if Employee makes a valid deferral election relating to the RSUs. Deferrals, whether elective or mandatory under the terms of this Agreement, shall comply with requirements under Code Section 409A. Deferrals will be subject to such other restrictions and terms as may be specified by the Company prior to deferral. It is understood that Code Section 409A and regulations thereunder require any elective deferral to comply with Section 409A(a)(4)(C). Other provisions of this Agreement notwithstanding, under U.S. federal income tax laws and Treasury Regulations as presently in effect or hereafter implemented, with respect to RSUs other than those that are excluded from being deemed deferrals of compensation under 409A (i) a distribution in settlement of RSUs to Employee triggered by a Termination of Employment will occur only if the Termination constitutes a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and, if at the time of such separation from service Employee is a "specified employee" under Code Section 409A(a)(2)(B)(i) and a delay in distribution is required in order that Employee will not be subject to a tax penalty under Code Section 409A, such distribution in settlement of RSUs will occur at the date six months and one day after Termination of Employment; and (ii) any rights of Employee or retained authority of the Company with respect to RSUs hereunder shall be automatically modified and limited to the extent necessary so that Employee will not be deemed to be in constructive receipt of income relating to the RSUs prior to the distribution and so that Employee shall not be subject to any penalty under Code Section 409A. Other provisions of this Agreement notwithstanding, if a separation from service occurs within less than six months before the fixed date specified as the Settlement Date and the six-month delay rule would apply to a settlement triggered by such separation from service, the settlement will not be made based on the separation from service, but instead the settlement shall be made based on the fixed date specified as the Settlement Date.

(c) *Tax Withholding*. Employee understands and acknowledges that certain amounts must be withheld to satisfy federal, state, local or foreign tax obligations associated with the lapse of the risk of forfeiture and/or settlement of the RSUs ("Withholdings"). Employee shall make arrangements satisfactory to the Company, in advance of any event triggering a Withholding obligation on the part of the Company, to

provide for payment of all applicable Withholdings. Employee expressly authorizes the Company to withhold the applicable amount of Withholdings from any payment to Employee or other source of Employee's funds or securities, including any payment relating to an Award or any payroll or other source of Employee's funds or securities, and/or withhold shares deliverable in settlement of the RSUs having a Fair Market Value equal to the amount of such tax liability required to be withheld as Withholdings in connection with the event triggering Withholding. This may include a withholding upon the vesting of the RSUs if and to the extent permitted under Treasury Regulation Section 1.409A-3(j)(4)(vi). Unless Employee has made alternative arrangements satisfactory to the Company to satisfy mandatory Withholding requirements or unless otherwise determined by the Company, the Company will withhold shares to satisfy any Withholding obligation. Upon the Withholding of shares, the value of shares withheld shall not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities, unless withholding of shares with a greater value is permitted without triggering additional expense recognition under applicable accounting rules. This provision does not obligate the Company to withhold shares to satisfy Withholding obligations. The Company may specify a reasonable deadline (for example, the end of the latest window period during which Employee is permitted to trade under any then applicable insider trading policy of the Company prior to an event causing a tax liability) by which Employee must make alternative arrangements for the payment of Withholdings.

(d) *Clawback Policy*. Notwithstanding anything to the contrary in this Agreement, all RSUs and common shares issued in settlement of RSUs shall be subject to Section 7.7 of the Plan and otherwise shall be subject to any applicable clawback policy of the Company and to any similar policy adopted by the Company, the Committee, the Board of Directors of Jefferies or any committee of the Board of Directors of Jefferies from time to time (including, but not limited to, any policy adopted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law), regardless of whether any such policy is adopted before or after the date of this Agreement or before or after the date RSUs become vested or are settled.

(e) *Unfunded Plan*. Any provision for distribution in settlement of Employee's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Employee or any Beneficiary any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Employee. With respect to any entitlement of Employee or any Beneficiary to any distribution hereunder, Employee or such Beneficiary shall be a general creditor of the Company.

(f) *Retention Requirement*. The requirement that RSUs generally will be settled five years after the Service Vesting Date will be deemed to satisfy the requirements of Section 7.8(a)(ii) of the Plan.

8. ***Miscellaneous***.

This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement and the Plan, and any deferral election separately filed with the Company relating to this Award, constitute the entire agreement between the parties with respect to the RSUs, and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this Agreement that may impose any additional obligation upon the Company shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of Jefferies or an affiliate. Neither the RSUs nor the granting thereof shall constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an officer, director or employee of the Company for any period of time, or at any particular rate of compensation. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PRINCIPLES.

Employee hereby acknowledges that the type and periods of restriction imposed in the provisions of this Agreement are fair and reasonable. Employee hereby further acknowledges that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, Employee agrees that if any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9. **Grantee's Acceptance**.

Employee hereby accepts the RSUs described in this Agreement and agrees to be bound by the terms and provisions set forth in the Plan and this Agreement. Employee hereby further agrees that all the decisions and determinations of the Committee and the Company shall be final and binding.

Accepted and agreed.

Employee Jefferies Financial Group Inc.

_____ By: _____

[•] [•]

Please contact Stock Administration at stock_administration@jefferies.com with any questions.

Exhibit 31.1

CERTIFICATIONS

I, Richard B. Handler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jefferies Financial Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2022

By: /s/ Richard B. Handler
Richard B. Handler
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Teresa S. Gendron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jefferies Financial Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2022

By: /s/ Teresa S. Gendron

Teresa S. Gendron
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard B. Handler, as Chief Executive Officer of Jefferies Financial Group Inc. (the "Company") certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-Q report for the period ending February 28, 2022 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 8, 2022

By: /s/ Richard B. Handler
Richard B. Handler
Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Teresa S. Gendron, as Chief Financial Officer of Jefferies Financial Group Inc. (the "Company") certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-Q report for the period ending February 28, 2022 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 8, 2022

By: /s/ Teresa S. Gendron
Teresa S. Gendron
Chief Financial Officer